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ABSTRACT

This hearing addresses veterans' education assistance programs administered by the Department of Veterans Affairs. A special focus is the Montgomery GI Bill. Testimony includes statements and prepared statements and material submitted for the record of individuals representing the following: Department of Defense, Air Force, Coast Guard, AMVETS, Army, Veterans of Foreign Wars, Vietnam Veterans of America, American Legion, Marine Corps, Non-Commissioned Officers Association, Department of Veterans Affairs, Navy, and Disabled American Veterans. Written committee questions of Congressmen are accompanied by responses from the following: Department of Veterans Affairs, Department of Defense, Army, Navy, Marine Corps, Air Force, Coast Guard, and Department of Labor. (YLB)

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ED 379 495

EDUCATIONAL PROGRAMS

HEARING

BEFORE THE

SUBCOMMITTEE ON
EDUCATION, TRAINING AND EMPLOYMENT

OF THE

COMMITTEE ON VETERANS' AFFAIRS
HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRD CONGRESS

SECOND SESSION

MARCH 10, 1994

Printed for the use of the Committee on Veterans' Affairs

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EDUCATIONAL PROGRAMS

THURSDAY, MARCH 10, 1994

House of Representatives,
Subcommittee on Education,
Training and Employment,
Committee on Veterans' Affairs,
Washington, DC.

The subcommittee met, pursuant to call, at 9:30 a.m., in room 334, Cannon House Office Building, Hon. G.V. (Sonny) Montgomery (chairman of the subcommittee), presiding.

Present: Representatives Montgomery, Hutchinson, Penny, and Quinn.

OPENING STATEMENT OF CHAIRMAN MONTGOMERY

Mr. Montgomery. Since it's so quiet here this morning, we'll just start on time. We have some distinguished witnesses today, and we want to move right along. So the subcommittee will be in order.

On June 22, 1994, we will mark an important event, the 50th anniversary of the enactment of the Servicemen's Readjustment Act of 1944, popularly known as the GI Bill of Rights. The signing of that legislation demonstrated our nation's gratitude for the sacrifices made by those who serve in the Armed Forces and established the foundation for many of the veterans' rights and benefits that we provide today, including veterans' preference in Federal employment, the home loan program, employment assistance and, of particular interest to us this morning, educational assistance benefits.

As I said, this is the 50th anniversary of the GI Bill of Rights, which, as I understand it, was written at the Willard Hotel in 1944. This program has a very interesting history.

Now we are looking forward to the 50th anniversary. I'll head a delegation from the House of Representatives going to Normandy in early June to join the celebration.

The GI Bill actually was implemented before our soldiers got home, which was good. They got back in 1945 to 1946, and this program was waiting for them.

The implementation of the World War II GI Bill resulted in profound changes throughout American society. In fact, those who write the history will probably conclude the GI Bill of Rights was the most important piece of legislation enacted and implemented in this century. The GI Bill will be judged the top piece of legislation that helped people in this country.

Because the opportunity for higher education was no longer restricted to the affluent upper classes, college enrollment went up. Prior to the GI Bill, most Americans didn't go to college.

We're particularly interested this morning in the newest GI Bill. Since its implementation in 1985, the Montgomery GI Bill has proven to be an effective readjustment benefit, enabling hundreds of thousands of veterans to continue their education following military service. The GI Bill has also been a powerful recruiting and retention tool for the Armed Forces. We hope and I believe we will hear this morning from our military personnel how much the GI Bill has helped attract smart, young men and women into the services. That's what we need to have a good strong defense.

The chair recognizes the ranking minority member of the subcommittee, Tim Hutchinson of Arkansas.

OPENING STATEMENT OF HON. TIM HUTCHINSON

Mr. HUTCHINSON. Thank you, Mr. Chairman. I want to, first of all, thank you for calling this meeting of the Veterans Affairs Subcommittee on Education, Training and Employment to receive testimony on veterans' education assistance programs administered by the Department of Veterans Affairs.

A great many of those in the Armed Forces, as well as throughout the nation, have been beneficiaries of the GI Bill. And, as the nation approaches the 50th anniversary of the GI Bill of Rights, I think it is important for us to reiterate the value of being able to access educational opportunities and that it is truly an important investment for our society.

The Montgomery GI Bill has successfully led to the enhanced education of over a half million of this country's citizens and has been especially helpful in these recent years, when there's been a propensity not to enlist in the military. I have seen this in the last year.

I certainly don't have the historic perspective that you do, Mr. Chairman, but have certainly seen during this first year on the Veterans' Affairs Committee the critical importance of the Montgomery GI Bill in recruiting for our Armed Forces. And that is going to be all the more important, I think, in the years to come.

The Montgomery GI Bill has been the primary recruitment incentive and is one of our country's most valuable tools in helping to maintain our commitment to meet the educational needs of our military members who return to civilian life.

Certainly the Montgomery GI Bill should continue to be a strong incentive for young people to join the military. And in this connection, I look forward to hearing your views and assessments of this important program.

Thank you, Mr. Chairman.

Mr. MONTGOMERY. Thank you very much, Tim, and also Tim Penny, for being here this morning. Tim, do you want to make any comments? After that, Jack Quinn of New York will be recognized. I appreciate your being here.

OPENING STATEMENT OF HON. TIMOTHY J. PENNY

Mr. PENNY. Mr. Montgomery, I, too, am an enthusiast about the GI Bill and the success of this program. We want to make sure that it continues to serve our military personnel far into the future.

I understand the need for periodic review because the benefits of this program are going to be stretched thin as education costs continue to climb. And, yet, as you know, we have to take a pay as you go approach to any adjustments in this program in the future. But, in fairness to our veteran, we want to keep apace of the needs in this program and be as helpful and as generous as we can afford to be.

With that, Mr. Chairman, I have no other remarks except to compliment you for your leadership on this committee. And, as someone who had the privilege of chairing this particular subcommittee for a few years, I'm glad to see that it's in your hands now.

I know that these are issues that will be well attended to as long as you serve in this Congress.

Mr. MONTGOMERY. The Montgomery GI Bill has been a success. You were very active and showed a lot of interest in the program when you were chairman of this subcommittee. This major program has had few problems and been updated, thanks to you.

Jack, do you have any comments?

OPENING STATEMENT OF HON. JACK QUINN

Mr. QUINN. Thank you, Mr. Chairman. I have some prepared remarks that I'll offer for the record, but I want to make a couple of points. Mr. Chairman, the Montgomery GI Bill I have seen work firsthand: indeed, two neighbors of mine, young men, Bill Gang and Jack Gang, 94 average students in high school and three-sport stars—these two brothers are now members of our military service.

And it has worked. They were attracted because of this very program. So even before I came to the Congress, I have seen it work. And I want to thank you and the subcommittee and the full committee for making sure that it works.

Also, you mentioned, Mr. Chairman, in your opening remarks you will be leading a delegation to Normandy in observance of June 6th. In a related program that we're working on in Buffalo, New York, the P.T. Phone Home program for our Buffalo VA Hospital, we have a target date of having the phones installed for June 6th.

I would like nothing better than to be able to ring you up in Normandy when that first phone call is made from the Buffalo VA Hospital and make that call on the anniversary of that very, very important date. So we'll work with you over the coming months.

[The prepared statement of Congressman Quinn follows:]

PREPARED STATEMENT OF HON. JACK QUINN

Thank you Mr. Chairman. I am very pleased to be here this morning to have the opportunity to discuss the Montgomery GI Bill and veterans education assistance programs.

As we prepare to mark the 50th anniversary of the GI Bill, it is important to recognize how much of a difference the benefits made in the lives of so many of our veterans.

Mr. Chairman, education incentives like the Montgomery GI Bill help attract ambitious and dedicated recruits to our Armed Forces. Our Armed Forces are of the highest caliber. As the testimony here today indicates, the quality of new recruits continues to rise.

I therefore look forward to the testimony this morning and welcome all of the witnesses.

Once again, thank you Mr. Chairman.

Additional remarks for the record:

Mr. Chairman the Buffalo VA hospital expects to initiate the P.T. Phone Home program by June 6th. I would like nothing better than to call you long distance in Normandy to start off the service, as you lead our Congressional delegation for the anniversary.

Mr. MONTGOMERY. That would be great. We would love to put it together. We'll be on Normandy, and we'll be 6 hours ahead of you, but——(Laughter.)

Mr. QUINN. Well, if you receive a——

Mr. MONTGOMERY. However you work it out would be fine. It would add to our visit to hear from you, and we look forward to it.

To our witnesses today, you've done a good job encouraging new recruits to enroll in the GI Bill. The Army in January 1994 had 95 percent acceptance, Navy 90 percent, Air Force 91 percent, and the Marine Corps, 92 percent. So it's holding up well.

For the record, under the MGIB Active Duty participants agree to a $1,200 basic pay reduction. This pay reduction has returned over $1 billion to the U.S. Treasury.

Additionally, we have paid out $1.8 billion in education benefits under the MGIB. That's good and I wish it could be more. Under the National Guard/Reserve Program, Chapter 106, we've paid out $656 million in benefits. That's a total of $2.538 billion. I know I'm confusing you. But, in all, the $100 a month, even helping out on the National Guard and Reserve and on the kickers, has been $2 billion. So since 1994, the educational benefits have only cost the taxpayers less than $500 million, and that doesn't include the interest that we should have been drawing on this money that the Government would have had to pay the interest on it to somebody. And that's not included.

So, basically, this program is costing the taxpayers no money. And the number of veterans—and we wish this would increase—on Chapter 30, 400,000 are using the National Guard, and Reserve 300,000. Maybe I've gone a little long on that, but I thought I'd just put that for the record.

We would like Mr. Vogel, Under Secretary for Benefits to come forward, at Department of Veterans Affairs, and Ms. Celia Dollarhide, Mr. Dean Gallin to come up.

I know you're always good about getting right to the point, Mr. Vogel. We appreciate that, Mr. Secretary. I want to congratulate you on being confirmed as Under Secretary, and also to Ms. Dollarhide to be appointed as Director of the Educational Service. We've very glad to have you. The chair recognizes the Under Secretary.

STATEMENTS OF R.J. VOGEL, UNDER SECRETARY FOR BENEFITS, DEPARTMENT OF VETERANS AFFAIRS, ACCOMPANIED BY CELIA P. DOLLARHIDE, DIRECTOR, EDUCATION SERVICE; AND DEAN E. GALLIN, DEPUTY ASSISTANT GENERAL COUNSEL

STATEMENT OF R.J. VOGEL

Mr. VOGEL. Thank you, Mr. Chairman, and thank you for your kind comments about my confirmation and Ms. Dollarhide's appointment.

I would like to make a very summary statement, Mr. Chairman, and ask that the full statement be made a part of the record.

Mr. MONTGOMERY. Without objection.

Mr. VOGEL. Thank you.

Mr. Chairman and members of the subcommittee, we appreciate the opportunity to be here today to provide testimony about our various education programs.

Overall benefits usage continues to grow, but mainly by the GI Bill, especially the active-duty part, Chapter 30. While that program is growing, the Chapter 32 program, VEAP, is declining. The Dependents' Educational Assistance Program is holding steady, with a slight drop between now and 1999.

The Montgomery GI Bill has been instrumental in readjustment of some 405,000 members of the military to civilian life. More than $1.8 billion has been paid in Chapter 30 benefits.

Most of those who have trained under Chapter 30 have done so at the college level. We know there was a continuing escalation in college costs. The importance of these benefits to our veterans' educational futures is critical.

Our timeliness is good, Mr. Chairman. We are working to make it even better. The other part of the Montgomery GI Bill is the Selective Reserve portion. That program is also popular, with over 303,000 individuals having received training and over $650 million paid out in benefits since its beginning.

There are a number of initiatives underway to improve our processing of claims. One of these is VACERT. It's an electronic educational certification program. That program is a personal computer program that allows schools to electronically send enrollment certification and notices of change in student status to the VA.

We are continuing to make strides with the optical disk imaging system that was installed to support Chapter 30 processing in November 1987. We anticipate the complete installation at all four regional processing offices by late 1995.

Our preparations for the observance of the 50th anniversary of the GI Bill are in high gear. We are producing an educational video featuring prominent figures in the arts, the media, and government speaking about their GI Bill experiences. We especially appreciate the time you, Mr. Chairman, and your staff have spent in conjunction with the project.

That concludes my testimony. I'd be pleased to answer any questions that you or other members of the subcommittee may have.

[The prepared statement of Mr. Vogel appears on p. 37.]

Mr. MONTGOMERY. Thank you, John, for your good statement.

To ensure a strong defense, you have to recruit qualified young men and women into the military, and education benefits, along with bonuses, have certainly been helpful. But we make veterans out of these young men and women after they stay in for a certain time. They then join the veterans' organizations. So the veterans' organizations are much better when we get high quality young men and women into the military. It helps the veterans' organizations to have strong chapters around the country, and they are then a more effective lobby.

I have one question. We're concerned that the GI Bill participants use their benefits when they leave the military. What efforts are you making to encourage individuals to use their GI Bill?

Mr. VOGEL. Mr. Chairman, working cooperatively and collaboratively with the Department of Defense and the military services, we have active programs providing outreach to them. We do that both here in the United States at installations where discharges are effective and also at overseas assignments.

We have six personnel, as an example, in Europe who provide educational and other benefits through counseling. We have installed kiosks in some shopping malls around the country which provide benefit information. I've got to say that the educational institutions as well as the state approving agencies are also instrumental in getting the word out.

We aren't able to counsel all those we would like to, but we think we're effective working especially with the military services.

Ms. DOLLARHIDE. Mr. Chairman, may I just add that——

Mr. MONTGOMERY. Yes, mam.

Ms. DOLLARHIDE (continuing). Since 1992, we have in cooperation with the Department of Defense, had 19 veterans' benefits counselors on TDY in Europe and plan to add some in the Middle East. They're on extended TDY and are moving around Europe counseling veterans.

Mr. MONTGOMERY. Is the VA at discharge centers where separating servicemembers are told about their benefits? Are we watching that pretty closely to ensure they know about their educational benefits?

Mr. VOGEL. Yes, we are, Mr. Chairman.

Mr. MONTGOMERY. Are we advising some to go into agricultural school or vocational school rather than to college? Are you working in that area?

Mr. VOGEL. I don't think we get as specific as to advise that, except that it's pretty clear that most of the enrollees attend public institutions because the costs are far less than private institutions.

We give them their options, explain options. The educational advisers in the military service departments as well as school counseling officials are very helpful in giving them some direction about where they might want to pursue education.

We also can provide educational counseling through our Vocational Rehabilitation and Counseling division in our regional offices.

Mr. MONTGOMERY. Some veteran students aren't getting their education checks on time. We're not having as much problems, though, as we are on disability claims, are we?

Are we able to work with the Defense Department? Can we get the people signed up and receiving their checks on time each month?

Mr. VOGEL. We think we're doing well, not as well as we'd like. Most of the original claims and supplemental claims are processed in a month or less. And we use some electronic media to assist in that. We would like to have that improved, indeed.

The Montgomery GI Bill Chapter 30 program, which is all processed, as you know, at four Regional Processing Offices, has a better timeliness rate than do the other educational programs.

Mr. MONTGOMERY. Say that again. You said the——

Mr. VOGEL. The Chapter 30, the Montgomery GI Bill Active-Duty program, has a better timeliness rate than do the other educational programs. We have all of the Chapter 30, as you know, in three—I'm sorry—in four Regional Processing Offices. We get the processing done quicker there.

Mr. MONTGOMERY. And you don't do the 106? That's done by the Defense Department?

Mr. VOGEL. We do the Chapter 106 with respect to the certification and payment, and we have that throughout the United States, in all of our 58 regional offices. We're studying and likely would move into some additional consolidation to try to improve our performance in that program as well.

Mr. MONTGOMERY. Thank you. Mr. Hutchinson.

Mr. HUTCHINSON. Thank you, Mr. Chairman.

Mr. Vogel, I appreciate your testimony. I suspect that the brevity of your statement reflects the efficient implementation and administration of the programs.

I'm curious. What percentage of those who are enrolled in the Montgomery GI Bill at the time that they go into the armed services or don't opt out of it, what percent of those ultimately are receiving benefits under the program?

Mr. VOGEL. I'm going to defer, Mr. Hutchinson, to Mrs. Dollarhide.

Ms. DOLLARHIDE. At the present time over 35 percent of the participants are in training under the Montgomery GI Bill. Cumulatively it's over 53 percent.

Mr. HUTCHINSON. Okay. I'm not sure I understand the distinction between those two percentages.

Ms. DOLLARHIDE. Well, what I'm suggesting is that for those who have had their pay reduced and are participants while on active duty and then eventually enroll in the Chapter 30 program, cumulatively over 53 percent are in training, but for fiscal year 1993 only, it's 35 percent.

Mr. HUTCHINSON. Does that indicate any kind of trend on——

Ms. DOLLARHIDE. It's going up, yes. A number who have had their pay reduced are participants. The number who actually enter training is increasing, although not as high as we would like, of course.

Mr. HUTCHINSON. I think overall the program and the administration of it gets very high marks, and I hear very good things and hear a few criticisms. But the various VSOs, have they shared any concerns about how the Montgomery GI Bill might work better besides more funding?

Mr. VOGEL. Mr. Chairman, they will be with you on a later panel. The only concern we hear is an age-old one, the adequacy of the amount of the payment given the cost of education today.

That seems to be the largest concern, making this comparison of this GI Bill with the GI Bill that I was fortunate enough to go to school under. They're different. And the escalating cost of education is a large concern given the amount of educational assistance they later get.

Mr. HUTCHINSON. Okay. Thank you very much.

Thank you, Mr. Chairman.

Mr. MONTGOMERY. Thank you.

We need to get the figures straight that Mrs. Dollarhide said. Only 32 percent are using their Chapter 30——

Ms. DOLLARHIDE. May I make a correction on that, Mr. Chairman? Our figures are showing 35 percent is the usage rate for 1993 fiscal year trainees.

Mr. MONTGOMERY. Well, what was its use in the Vietnam War? Was it over 50 or 60 percent? Do you know that?

Ms. DOLLARHIDE. I don't.

Mr. VOGEL. I don't have that with me, Mr. Chairman. We see an increase in participation now. The general thought is that it takes a while after discharge to settle one's life with family and with a job, full or part-time, before one later enrolls in school.

The biggest years in the Chapter 34 program, as I recall, were 1975 and 1976, which was some period of time after most were discharged. We think the growth rate, participation rate, is up, and we think it will continue that way.

Mr. MONTGOMERY. We certainly hope so. That's the purpose of the plan. I wish we could increase the benefit level. It's not enough. It's not enough money.

We realize that and indexed the program, but in the budget reconciliation last year, we had to freeze the COLA that was due last fall.

I wasn't happy about that. I thought we should be increasing the benefit some so these young men and women can make it on the Montgomery GI Bill. They now have to get help from other places.

Also, the men and women only have 10 years after they get out of the service to use their GI Bill benefits. Time passes very quickly.

If there are no further questions, thank you very much.

Mr. VOGEL. Thank you, Mr. Chairman.

Mr. MONTGOMERY. Thank you.

Our next panel will be Lt. Gen. Robert Alexander, U.S. Air Force, who serves as Deputy Assistant Secretary for Military Personnel Policy, Department of Defense. This panel also includes Mr. Frank Rush, Acting Deputy Assistant Secretary for Reserve Affairs, which is Manpower and Personnel, Department of Defense. I want to thank both of you gentlemen for being here.

Does the joint advertising for all the services comes under your department?

General ALEXANDER. Yes, sir, it does, Mr. Chairman.

Mr. MONTGOMERY. We appreciate the literature you've given us. It looks good. I serve on the Armed Services Committee. You're going to have to increase your funding for recruiting and education to get young men and women into the service. I'm very aware of that.

Young people think the Armed Forces aren't hiring which is totally wrong.

The chair will recognize both of you gentlemen, whoever would like to go first.

STATEMENTS OF LT. GEN. ROBERT M. ALEXANDER, USAF, DEPUTY ASSISTANT SECRETARY FOR MILITARY PERSONNEL POLICY, DEPARTMENT OF DEFENSE, ACCOMPANIED BY FRANK RUSH, ACTING DEPUTY ASSISTANT SECRETARY FOR RESERVE AFFAIRS (MANPOWER AND PERSONNEL), DEPARTMENT OF DEFENSE

STATEMENT OF LT. GEN. ROBERT M. ALEXANDER

General ALEXANDER. I'll go first, Mr. Chairman. Good morning. I'm pleased to appear before you today to discuss veterans' education assistance programs. Much of what I have to say focuses on the Montgomery GI Bill. There is little doubt that the Montgomery GI Bill has met or exceeded the expectations of its sponsors and has been instrumental in the success of the All-Volunteer Force.

In his State of the Union message, President Clinton promised, and I quote, "As long as I am your President, our men and women in uniform will continue to be the best trained, the best prepared, the best equipped fighting force in the world," unquote.

The readiness and strength of the American military has been a major factor in the dramatic changes that have occurred in the national security environment. Our men and women in uniform won the Cold War and in the Persian Gulf War proved themselves to be the best military force in the world today.

We remain committed to maintaining a quality force and recognize that an important contributor to success comes from a recruiting effort that attracts high-quality people. Incentives like the Montgomery GI Bill are important to making that happen.

With the Montgomery GI Bill, we have experienced much higher enrollment rates than with the Veterans' Education Assistance Program, which was the previous contributory GI Bill program.

A total of 1.7 million men and women from an eligible pool of 2.3 million, or about 70 percent, chose to participate in the Montgomery GI Bill since its inception in 1985. Recent data show the program is maintaining its popularity, with 91 percent of eligibles enrolled so far this fiscal year.

The Montgomery GI Bill has been instrumental in the department's recruiting success in terms of quantity and quality of enlistees over the past several years.

During 1993, all services met their recruiting objectives. Ninety-five percent of the new recruits were high school diploma graduates, compared with an average 91 percent between 1980 and 1993.

The same pattern exists in above average aptitude recruits. They comprised about 72 percent of fiscal year 1993's accessions, compared with an average of about 60 percent between 1980 and 1993. Thus far for 1994, recruiting results show a very similar pattern.

Much of the success of the Montgomery GI Bill rests in the advertising programs that get the word out. You have in front of you what the chairman mentioned, a couple of samples of our information that we distribute to millions of youth and high school counselors throughout the country.

High-quality recruits are a sound investment and absolutely essential to the readiness of the military service. We have set the recruit quality benchmarks at the OSD level at 90 percent high school diploma, graduates, and 60 percent above average aptitude and believe it is essential to allocate necessary resources to remain above that level.

The past 4 years have been the best in recruiting history, with recruit quality remaining above those benchmarks. However, sustaining high quality is becoming more of a challenge as recruiters must battle both a declining propensity of American youth to enlist and a growing perception that since the military services are downsizing and cutting back, as the chairman mentioned, they no longer need recruits, which is exactly the opposite.

The Montgomery GI Bill has eased the transition to civilian life of over one-half million veterans as they use the Montgomery GI Bill to further their education after leaving the military.

The Montgomery GI Bill has been especially helpful in recent years during the turbulence associated with the force draw-down. Those individuals participating in the voluntary separation incentive and the special separation benefit programs, who had not enrolled in the Montgomery GI Bill during that first enlistment, were offered a second opportunity to participate. This option resulted in an additional 7,289 young men and women enrolling in the program. Of these individuals, 67 percent are now using their Montgomery GI Bill benefits.

So, in addition to the benefit to the Department of Defense, the Montgomery GI Bill has made a tremendous contribution to the development of a more highly educated and productive civilian workforce, certainly an advantage for our country in today's competitive world market.

Given our recent recruiting successes, current basic Montgomery GI Bill benefits appear to be adequate for the time being as an enlistment incentive. However, as college costs rise, the offset provided by the Montgomery GI Bill will require close monitoring to keep the program competitive.

We do not believe that the introduction of national service will have a negative impact on military recruiting as long as the military compensation and benefit package provides a clear advantage over that of the National Service Program.

One area of concern voiced by this committee is the accuracy and completeness of the information on the Montgomery GI Bill participants provided by the services to the Defense Manpower Data Center. Significant steps have been taken and are ongoing to improve the collection of all required data on Montgomery GI Bill applicants and recording it accurately for dissemination. Standardized data codes and definitions as well as hardware and software updates are improving the process. We will continue to make progress in this area.

Today our volunteer military stands ready, willing, and able to defend our nation and its principles around the world. Credit for success in attracting and retaining high-quality personnel belongs in no small part to Congress and this committee for providing us with the Montgomery GI Bill.

Thank you for the opportunity to appear before you. I'll be pleased to answer your questions.

[The prepared statement of General Alexander appears on p. 45.]

Mr. MONTGOMERY. Thank you very much, General.

Secretary Rush.

STATEMENT OF FRANK RUSH

Mr. RUSH. Mr. Chairman and members of the subcommittee, I'm pleased to be here today to discuss with you the implementation and effectiveness of the Montgomery GI Bill for the Selected Reserve.

I do have a prepared statement which I would ask be placed in the record. With your permission, I will——

Mr. MONTGOMERY. Without objection.

Mr. RUSH (continuing). Briefly summarize. First, Mr. Chairman, Secretary Lee asked me to pass on that she wanted very much to be here today, but that she couldn't. She also asked me to pass on how much we appreciate the leadership of this committee and your leadership, Mr. Chairman.

Mr. MONTGOMERY. Who was that?

Mr. RUSH. Secretary Lee.

Mr. MONTGOMERY. Thank you.

Mr. RUSH. We acknowledge the work of the subcommittee in providing a powerful tool to help us recruit and retain qualified guardsmen and reservists, with the result that our National Guard and Reserve forces have demonstrated their capability to respond when needed.

The effectiveness of the Chapter 106 program can be judged in several ways. One of those ways is the number of participants, which you and Secretary Vogel have already mentioned this morning. Another way is the increase in 6-year enlistments.

Back in 1985, 35 percent of the non-prior service accessions into the National Guard and Reserve enlisted for a term of 6 or more years. The services reported just last year that this figure was up to 91 percent.

Another place we look is to retention. Every way we look retention in the National Guard and Reserve is up since the implementation of the Montgomery GI Bill program.

We continue to move out with two new initiatives that have recently happened. It was just a year ago tomorrow that President Clinton announced, as part of his defense conversion and reinvestment initiative, program of transition assistance for members of the National Guard and Reserve.

Part of that, an important part of that, was to ensure that qualified Reservists who are eligible for the Montgomery GI Bill program and are involuntarily separated from the Selected Reserve as part of the force draw-down continue to get their benefit through the 10-year period.

The second major program was the authorization of graduate assistance for members of the Selected Reserve. Formulation of the policy and procedures for graduate assistance was a team effort.

The assistance of the Montgomery GI Bill staff of the VA and of the services and of their Reserve components was instrumental in the timely promulgation of guidance and implementation of the expanded benefit, and we believe the result is a plan which causes a minimal amount of administrative burden on the servicemember and uses existing system procedures to the greatest extent possible.

During this year we have worked very hard to have better information and communication on the procedures associated with the Chapter 106 program. We have had improved procedures at the Defense Manpower Data Center, improved communication to workshops and training sessions.

Last August Secretary Lee initiated a comprehensive business process review for the Chapter 106 program. Earlier this week I received an in-process review. That whole process is going to pay benefits to the services and to the VA in how we administer the program. I think it's working well today, but it's going to get even better and more cost-efficient.

I should also note that the services have done an outstanding job in enhancing their program management through improvements in administration, training, and systems. Each Reserve component has a good story to tell, ranging from a new advertising brochure published by the Air Guard to the success of the Coast Guard Reserve in completely eliminating members with unknown eligibility in their database.

In the area of training, for example, the Naval Reserve has established an 18-month cycle of workshops to make sure that new administrators coming into the program are up to speed and do it right the first time.

The VA has made it easier for us to manage the system by providing access to the VA target system. So in our offices in Reserve Affairs and in the Naval Reserve today, we can look at the VA record and reconcile any differences between our files and those in the VA. That will be in all the Reserve components shortly.

Mr. Chairman, this program is successful because it's beneficial to the individual and to the Reserve components. We believe it's working effectively and will continue to be effective as a general entitlement.

Mr. Chairman, I thank you for the opportunity. I would take any questions you have, sir.

[The prepared statement of Mr. Rush appears on p. 53.]

Mr. MONTGOMERY. Thank you very much for the testimony.

Let the record show that I have some written questions that I would like to submit to our witnesses, and I'm sure the minority also has additional questions.

General Alexander, tell us about recruiting. I'm concerned about it. I'd like to hear your evaluation.

How did recruiting do in the first 4 months of 1994 compared with the first 4 months of 1989 and 1990?

General ALEXANDER. Well, of course, with 1989 and 1990—I will get those figures for the record, Mr. Chairman—as compared to last year were not as good as last year in non-prior service, high school diploma graduates.

Mr. MONTGOMERY. Please repeat that.

General ALEXANDER. As compared with last year, we are not doing quite as well. We are still meeting the OSD objective of about 90 percent high school degree graduates and about 60 percent in the upper half of the AFQT test.

But there are some alarming indicators out there. One is the lowered propensity to enlist in the Armed Forces. Twenty-five percent of the youth, young males from 16 to 21 years old, indicated they would have a propensity to enlist in the services, they would or would likely enlist. Now, that is down from 32 percent that we had. I think it was back in 1989 when we had a real strong advertising campaign, as a matter of fact.

So the lower propensity to enlist has us concerned. And I'm going to let you talk to the services about it, but the last few months they're beginning to have a lot of difficulty meeting their contract goals each month. And that's of concern to us. We want to maintain the quality. We feel it is very important.

The OSD quality floors that we feel we must maintain are 90 percent high school graduates, with 60 percent in AFQT categories I–III A. The services set higher goals, which we believe are reasonable. We want a high-quality force.

Mr. MONTGOMERY. I'm on your side, General, but you're not doing very well on the delayed entry program, I'm told. I've been out talking with recruiters. I've met with two groups in the last month. You've had to bring Category 4's into the services. I believe I'm correct on this.

General ALEXANDER. I will have to get those figures. I think the Category 4 remains below one percent, but I would have to provide those for the record, Mr. Chairman.

But you're correct. We're watching the quality because during fiscal year 1992, we had 99 percent high school graduates. But the number last year, in 1993, was 95 percent with 71 percent scoring in the top half of the AFQT—which we call Category I–II A.

So we have enjoyed very good quality. And we want to maintain that. We see some indicators that have us concerned, and we're watching it.

We know that the young people out there think that the military—and you spoke to this earlier—is a declining industry. They think that we are drawing down. We're closing bases. They see people getting out, leaving the military. And they don't realize we're still recruiting 200,000 a year. And we've got to get that word out.

Mr. MONTGOMERY. Thank you.

I know that we have to increase funding for advertising. I serve on that Personnel Subcommittee on Armed Services, and we're watching it. I'm pushing to be sure that we don't let the quality go down. That's very, very important. We saw what happened in the early 1980s, and we don't want that to happen again.

General ALEXANDER. You're exactly right, Mr. Chairman. Right now the advertising is at about half the level where it was in 1989. The services have had to reprogram money into their advertising budgets.

We're about 127 million for this year and next year. And we're going to have to look at that number very carefully.

Mr. MONTGOMERY. Thank you.

My time is about up. Let me ask Secretary Rush one question. Tell us about implementation of graduate training. Is the word getting out? Is anybody coming in and signing up or joining the National Guard and Reserves because of the graduate training they now can get?

Mr. RUSH. We have the policy in the field. And those members who are currently eligible for the GI Bill should now be able to go down and get that assistance.

For the new members and the word getting out, that's still in the process. The services are getting that word out into the field now. But we're also going to have current members who have never signed up before who are going to come in and sign up for this program.

Mr. MONTGOMERY. You mean people who are already in the National Guard and Reserve?

Mr. RUSH. Yes, sir, which is one of the big differences, as you know, between the active program for new entrants and the way that the Selected Reserve program works.

Mr. MONTGOMERY. Are you set up to go ahead and take care of this new incentive?

Mr. RUSH. We have the procedures now in place. And the word is getting out for the new people to sign up. One of the things that we're going to have to look at is the immediate impact upon the services' budget for people who do sign up.

Mr. MONTGOMERY. In other words, I guess you're telling me you haven't gotten any applications yet, or have you?

Mr. RUSH. I can't say, Mr. Chairman, that we have gotten new applications for graduate assistance because of the way the program, but I could provide information for that on the record, sir.

Mr. MONTGOMERY. Interested individuals are calling VA regional offices, staff tells me. I guess that's where they think they have to go. How can we pull them together?

Mr. RUSH. Well, there are two categories of people, Mr. Chairman. There are those who are currently eligible for benefits but haven't been able to continue their education because the graduate assistance wasn't authorized in the law.

Those folks are now shown because of the way the system has been implemented as eligible and eligible for all programs. So those folks who were limited before because they already had a baccalaureate degree are now eligible to go to the VA and sign up for graduate programs.

Those folks who are in graduate school right now and were already eligible can go to the VA and ask for assistance for that program.

Mr. MONTGOMERY. Well, I certainly hope you take a good hard look at it. The Congressional Budget Office doesn't think the program is that expensive, and I hope you'll follow up on it.

Mr. Hutchinson.

Mr. HUTCHINSON. Thank you, Mr. Chairman.

General Alexander, I'd like to follow up on your comments regarding the youth attitude tracking study that showed the decrease from 32 percent to 25 percent in the positive propensity for joining the military.

You mentioned particularly the downsizing and the perception that it's a declining industry. Could you expand on that? Are there other factors that are contributing to this perception?

General ALEXANDER. Well, there was a 10 percent cut in the recruiting levels, number of recruiters. And that's distributing, I think, because as the declining propensity goes down, as the propensity goes down, it makes it tougher on the recruiters. They've just got to get out and make more contacts. They have to generate interest. And they need advertising.

If you give us 10 more dollars, for example, where would we put it? Well, you have to maintain a balance between the recruiters, your education benefits because that's a big plus, and your advertising. If one of those goes short, it negates the effect of the others. They can work in sort of a reinforcing manner if you balance them properly.

I think recruiting, at least advertising, is out of balance right now. We've probably gone too far down. We thought that cutting back from 300,000 recruits annually in the mid 1980's, about 200,000 today would reduce the need for advertising; but it doesn't support cutting advertising in half—which has occurred.

We still need strong advertising. I'm not saying the lower propensity can't be overcome. It costs money. We can overcome it.

Mr. HUTCHINSON. Well, it seems to me that if we have a 10 percent reduction in recruiters, we have a decrease in the advertising budget, we have more Category 4 recruits coming in, the risk is that you have this downward spiral, where one factor contributes to the other, and it becomes more and more difficult to overcome this perception.

General ALEXANDER. You're exactly right, Mr. Hutchinson.

Mr. HUTCHINSON. You've said that money was reprogrammed into the advertising area. One thing I'd like for you to do, if you could for the record at some point submit to us the past budgets, the current budget, and future budget requests in the advertising area and have that broken down as to various media, direct mail and local recruiting. That would be helpful I think, if you could do that.

[The information follows:]

DOD RECRUITMENT ADVERTISING BUDGETS *
(Current $ in Millions)

	Past Budgets				FY 1994		FY 1995
	FY 1990	FY 1991	FY 1992	FY 1993	Request	Reprog.	Request
Army	76.5	54.1	46.0	38.6	34.8	48.6	51.8
Navy	25.2	16.6	14.4	15.6	11.9	24.5	18.2
Marine Corps	16.3	10.5	11.8	11.8	10.0	10.0	10.1
Air Force	16.3	8.6	8.7	7.7	5.6	7.6	7.2
Joint	15.6	13.4	6.5	6.4	7.0	6.4	6.6
Active	149.9	103.1	87.3	80.2	69.3	97.1	93.8
ARNG	14.0	15.2	8.2	9.4	8.8	8.5	11.3
USAR	21.4	21.4	16.3	10.6	9.9	9.5	8.8
USNR	3.9	2.5	3.4	3.0	2.9	3.0	3.1
USMCR	2.0	2.4	2.5	2.6	2.4	2.4	2.7
USAFR	3.8	4.9	3.2	4.0	3.3	3.1	2.5
ANG	3.7	2.4	2.8	2.7	2.5	2.3	2.5
Reserves	48.8	48.8	36.3	32.3	29.6	28.8	32.2
DoD Totals:	198.7	152.0	123.7	112.5	98.9	125.8	126.1

* Totals may not add due to rounding. Although shown under active resources, joint supports both active and Reserve Components.

DOD RECRUITMENT ADVERTISING RESOURCES*

(Current $ in Millions)

	Past Budgets				FY 1994	FY 1995
	FY 1990	FY 1991	FY 1992	FY 1993	Reprog.	Request
Magazines	44.3	33.3	23.9	19.6	18.3	18.2
Newspapers	7.4	3.4	1.2	4.9	5.3	4.9
PSA Radio/TV	1.9	3.2	2.0	4.0	1.3	2.7
Paid Radio	17.1	15.4	15.1	8.8	10.3	6.8
Paid Television	37.2	31.2	15.7	21.9	29.9	30.0
Other Media 1/	1.0	0.7	0.5	0.5	0.4	0.4
Media (total)	108.9	87.2	58.4	59.7	65.4	63.0
Local/Regional	26.1	16.9	19.3	14.2	13.8	15.5
Direct Mail	14.7	9.2	9.7	9.3	9.6	9.9
Lead Fulfillment	4.3	3.6	3.9	3.5	3.5	3.3
Sales Promotions	3.4	3.1	3.8	3.6	3.5	3.5
Market Research	1.5	1.2	1.0	0.9	1.1	1.0
Print Materials	16.0	12.0	14.5	11.1	12.4	12.9
Other (misc.) 2/	22.2	16.2	11.2	10.1	14.9	15.5
Reenlistment	1.6	2.5	1.9	0.2	1.6	1.5
Support(total)	89.8	64.7	65.3	52.9	60.4	63.1
DoD Totals:	198.7	151.9	123.7	112.5	125.8	126.1

* Totals may not add due to rounding. Includes joint advertising which supports both active and Reserve Components.

1/ Other media include funds for outdoor billboards, transit and films.

2/ Other (misc) include expenses for talent rights, distribution, postage, agency expenses, etc.

Mr. HUTCHINSON. But where is this money being reprogrammed from?

General ALEXANDER. Sir, I'm going to defer to the services because it's within each of the services. They're going to be on the next panel, and they can provide you that information.

Mr. HUTCHINSON. All right. One last question. It seems to me from your testimony, General Alexander, that the DOD's position is that the GI Bill benefit levels are sufficient for now, but that they need to be watched very carefully. What are the criteria or what should be the criteria for determining when a benefit increase is needed?

General ALEXANDER. I think there are two objectives for the Montgomery GI Bill, obviously. One is to help the transition of people separating from the military into civilian life, and that's an important one.

But, of course, our focus and our interest is on: How is it as an incentive to young men to enroll or enlist in the U.S. Armed Forces? That is very important to us.

We know talking to people who have enlisted, that 80 percent say one of the major reasons they enlisted was because of education opportunities, education benefits, money for schools. And 25 percent say that was the major reason they entered the service.

So it's very important. We have a 91 percent enrollment rate. So we know that it is attracting people right now. That is important to us. We watch the quality.

And so education benefits rank right along in importance to attracting people the same as advertising and the same as recruiters. It is that important to us right now.

Now, we know that they have a lot of interest also in job skills. In the area of attracting young men, it is crucial. It is absolutely crucial.

Now, what is the current level? Well, the current level when you brought the Montgomery GI Bill on was about 74 percent of the average 4-year college education. It slipped down low, to as low as 64 percent, maybe even lower, and then we brought it back up. It right now stands at 68 percent.

We've got to watch that closely. We don't want it to slip much lower. We have automatic raises with the Consumer Price Index provided in the law. However, we didn't fund it last year. We funded it at 50 percent this year.

We need to keep pace with the cost of college education. And it sometimes goes faster than the CPI. Sometimes college costs rise at a higher rate.

So we will be asking for increases if it becomes necessary.

Mr. HUTCHINSON. So your criteria would be participation rates as well as the percentage of the college education that is being provided by it?

General ALEXANDER. Exactly, in combination with enrollment rates, as you mentioned, in combination with the quality of the people coming in to the service.

Mr. HUTCHINSON. I would only say I understand your optimism, but I wish I could be as optimistic about the negligible effect of the National Service Program. I'm afraid that it may have a more detrimental impact upon recruiting efforts than what you have anticipated. Thank you for your testimony.

Thank you, Mr. Chairman.

Mr. MONTGOMERY. Thank you.

Before you came to Congress, when we started these new education benefits, we didn't think the VEAP program was working well. That was the program before the Montgomery GI Bill. About 30 percent of those eligible enrolled. Later, they would disenroll.

Under the MGIB, we have a much higher participation rate, and they can't disenroll. We want them to get a college education, and that's one of the pluses of our program.

I want to thank the General and the Secretary for being here today. Your testimony has been very helpful. Thank you very much.

General ALEXANDER. Thank you, sir.

Mr. MONTGOMERY. I'd like to ask the personnel chiefs of the services: Lt. Gen. Thomas Carney, U.S. Army; Vice Admiral R.J. Zlatoper, U.S. Navy; Lt. Gen. Robert Johnston, representing the Marine Corps; Lieutenant Billy Boles, representing the Air Force; and Capt. Fred Ames, representing the U.S. Coast Guard.

What do you think about submitting your statements for the record and we'll go directly to questions? Do you have any objections to that?

General CARNEY. No, sir.

Admiral ZLATOPER. No, sir.

General JOHNSTON. No, sir.

General BOLES. No, sir.

Captain AMES. No, sir.

Mr. MONTGOMERY. Okay. I didn't think we would. (Laughter.)

PANEL OF MILITARY PERSONNEL CHIEFS: LT. GEN. THOMAS P. CARNEY, DEPUTY CHIEF OF STAFF FOR PERSONNEL, U.S. ARMY; VICE ADM. R.J. ZLATOPER, DEPUTY CHIEF OF NAVAL OPERATIONS FOR MANPOWER AND PERSONNEL AND CHIEF OF NAVAL PERSONNEL, U.S. NAVY; LT. GEN. ROBERT JOHNSTON, DEPUTY CHIEF OF STAFF FOR MANPOWER AND RESERVE AFFAIRS, U.S. MARINE CORPS; LT. GEN. BILLY BOLES, DEPUTY CHIEF OF STAFF, PERSONNEL, U.S. AIR FORCE; AND CAPT. FRED AMES, REPRESENTING THE U.S. COAST GUARD

Mr. MONTGOMERY. We'll start with you, General Carney. We'll work down each service if the personnel chief would answer these, some of these questions.

This was a plan that was presented to me by the Senate last year during the reconciliation process. We certainly turned it down. What would be the effect on recruiting if the $1,200 basic pay reduction required under the Montgomery GI Bill were increased to $1,600, General Carney?

General CARNEY. Well, Mr. Chairman, you know me. You've known me since the GI Bill was passed in 1985, during my first tour in recruiting command. I've spent six of the last 9 years either in recruiting or as the Deputy Chief of Staff for Personnel. I am the strongest supporter of the GI Bill save maybe the 8,000 active, Guard and Reserve recruiters who are out there today trying to get the next recruit to join.

I think that it is the most important piece of legislation since the All-Volunteer Force began. It is the reason that quality turned the corner and produced the outstanding military force that won Desert Storm and Just Cause. When you have the fastest horse in the race, Mr. Chairman, you just simply don't shorten its legs.

Don't tinker with the GI Bill in any negative sense, I urge you. My view is that with the current $1,200 deduction from a private's pay, which represents 13 percent of what he gets, almost as much as his Federal taxes, if you were to take $1,600, that goes up to 17 percent. In an environment of pay caps, where we are already 13 percent behind civilian comparability in our program, to go 21 percent behind civilian comparability, the very last thing that I would ever recommend would be to take some more money out of the privates' pocket.

Mr. MONTGOMERY. Well-stated, General.

General Boles.

General BOLES. Sir, I wish I had said that. I echo that 100 percent.

Mr. MONTGOMERY. Admiral Zlatoper.

Admiral ZLATOPER. Mr. Chairman, $632 is the sailor's monthly "take home" pay, of which he or she contributes $100 of it for 12 month. They chose that. If you raise it or extend it to 16 months from 12 months, it would have the same impact as stated by General Carney. I heartily endorse his comment.

Mr. MONTGOMERY. General Johnston.

General JOHNSTON. Sir, it's working well at the 1,200 level. Our participation rate is pretty high. I would not seek to tamper with it.

Mr. MONTGOMERY. Thank you. Captain Ames.

Captain AMES. Mr. Chairman, the statement of the Coast Guard is especially since we're having a lot more members married at early ages, that, too, has a significant effect on their ability to give up the $1,200.

Mr. MONTGOMERY. As long as I'm Chairman and around here, I'm certainly not going to let that happen. I would hope someday that we could eliminate the $1,200 basic pay reduction. Other GI Bills were free to the soldiers.

I don't think there's any danger that this increase will be imponed, but we needed to get your views on record. You're absolutely right. It would change the program entirely. We're asking enough of these young people. The only way we could pass the GI Bill was to agree to the $100 a month basic pay reduction when we were negotiating with the Senate in 1984.

The only advantage to it is that these young men and women, after they get out of the service, will use their benefits. I've had them tell me, "Well, I'm going to get my $1,200 back. I'm going to get that much education." But once we get them into school, I think they'll stay.

Next question is the one I asked the other panel about the first quarter of 1994, about recruiting quality. Please compare it with 1989 and 1993. We'll just start with you, Captain Ames.

Mr. MONTGOMERY. I guess the bottom line, is how is your recruiting doing? Are you concerned about it? What's going to happen?

Captain AMES. Mr. Chairman, we've been very successful recruiting in the Coast Guard. Of course, our missions and our reputation have served us well, coupled with the Montgomery GI Bill.

We have had 100 percent high school graduates. So we continue to do that, although we have a smaller number coming in this year, about half, as a matter of fact, than the previous year, but we're still 100 percent high school graduates.

General JOHNSTON. Sir, there are some disturbing trends out there in the marketplace, and I think we see a greater challenge for our recruiters to meet the quality standards.

This year, 1994, to date, we are still at about 96 percent high school grads. Our goal is 95. If you go back to 1990, we were hitting 99 percent high school grads and a higher percent of 1 through 3A.

We're still making our recruiting goals. One thing of significance is that for the first time in 9 years, we failed to meet our January and February contracts, which is not to be totally alarmed because we have 23,000 recruits in the pool.

So we can shift the right quality in numbers, but we are seeing trends in the marketplace that suggest that we have to put more resources towards recruiting through advertising and, if we have to, put more recruiters out on the street so that we can stay in the high school market.

Mr. MONTGOMERY. I was shocked last year, General. I went to Parris Island and was told that you needed three or four thousand more recruits last year than you did the year before.

General JOHNSTON. Yes, sir. As you know, the Marine Corps end strength has not dipped quite as deeply as the other services. Our requirement for recruits is relatively stable. We'll need 42,000 this year, which is not much different from what it has been over the last 2 or 3 years.

So our recruiters have a full corps press on out there to preserve the quality of our input. We're maintaining it, but I think there are some trends that show we're going to have some struggles down the road.

Mr. MONTGOMERY. Thank you. Admiral.

Admiral ZLATOPER. Mr. Chairman, we are having problems in recruiting. In 1989 we were bringing in almost 90,000 recruits. With the right sizing, the draw-down that we're presently undergoing, we are looking to recruit about 56,000 individuals a year. And, yet in 8 of the last 10 months, we have failed to make our new contract objectives. We have failed to have people sign up to come in the service at a later time.

We have brought in enough accessions; in other words, going to people that signed up and saying "Would you mind coming in a month or two early?" So we have brought in enough recruits each month, but I firmly believe that we are facing a problem here in the next couple of months where we may not even be able to make our accession goals for that 56,000.

As far as quality goes, we have continued to maintain the quality in that we have essentially a 100 percent high school diploma graduate pool, 95 percent straight high school diploma graduates, about 5 percent compensatory screened individuals, 72 percent upper middle group, no Group 4's, although I have to also tell you, in great candor, that we are looking across the spectrum to determine what our needs are because we are, in fact, having serious recruiting problems at this time.

Mr. MONTGOMERY. On the females coming into the service, how are you handling that as far as your problems with recruiting go?

Admiral ZLATOPER. The good news is that ultimately we will expand by almost 50 percent the youth pool that we can draw from because we are a gender-neutral Armed Service. In fact, this Monday I had the opportunity to transmit the first set of orders on the 70 women we sent to combatant ships.

Our problem with women at the moment is we can't bring in a great surge of them because we don't have ships modified in a manner that would accept them.

So we have 8,000 women assigned at sea right now. Within the next several months we will add about 500 more to the *USS Eisenhower*, a carrier down in Norfolk. We can't immediately bring in a larger number of women because we have no place on ships to assign them because we haven't modified all of our ships.

We're going to modify eight ships this year, and we have a program in hand to continue that on a steady basis. But it will be a gradual step up on the female side. Ultimately it will help us across the spectrum.

Mr. MONTGOMERY. General Boles.

General BOLES. Yes, Mr. Chairman. In fiscal year 1990, 85.5 percent of our enlistees were in the AFQT Categories 1 through 3A, which is the top half. In 1993, that was down to 80 percent. Thus far, this year it is 78.8 percent. I think the trend is the wrong direction, and I'm afraid of a train wreck at some point.

I think there are several reasons for that trend. As General Alexander mentioned, our propensity has gone from 21 percent in 1979 to 11 percent last year.

About 10 years ago, 53 percent of the high school seniors were entering college. Today that's up at about 62 percent. So that's a 20 percent reduction in the market right there.

The 18-year-old population is smaller. So the bottom line gets to be that the qualified and the interested market out there is about half of what it was just a few years ago.

Mr. MONTGOMERY. Also, General Boles, the economy is good. I know it's good in the deep South. That makes it a little harder to recruit. Some individuals can find jobs at home and will not come into the service.

General BOLES. Yes, sir.

Mr. MONTGOMERY. That's just the way it is.

General Carney.

General CARNEY. Yes, Mr. Chairman. I share the Admiral's adjective, which is "serious." And I say that I would sort of watch early warning signs for recruiting as, first, the National Guard. The National Guard in fiscal year 1993, last year, missed its objective by about 6,000 accessions.

Then I watch the active Army. Army recruiters in their ability to contract their recruits have failed for the past 6 months to the point where it is probably not possible for us to fill all the training seats in the month of May.

Next we watch the Navy. And you just heard the Admiral testify of the difficulty Navy recruiters are having.

And you have hit on the causes of the propensity decline, which are serious in the Army. There's a 38 percent decline in the last 3 years. In the black market, it's a 55 percent decline. In the high mental, it's 25 percent just in the last year. It relates to a natural phenomenon in American society, which when there is no clear and present danger, which apparently there is not to the young people in America, there is not a propensity to joint the military service.

Now, secondly, you mentioned the improving economy. We are a competitor in the labor market, obviously. And as the economy improves, it gets tougher and tougher. And, obviously, the issue of the advertising budget is significant.

We recently did in the Army reprogram into advertising $10 million that came out of base operation support, which is already sorely under-funded, but we felt that we had to reestablish advertising it at about the $40 million level.

I think that will be satisfactory for this year. The difficulty is—and we all experience the same thing—when our draw-down is complete, our recruiting missions will rise again. Right now we will bring in 70,000 this year, 70,000 in 1995, but in 1996 we'll have to bring in somewhere between 85 and 90 thousand. So the future is what I am most disturbed about.

And if you stop your advertising, it takes a long time to rebuild that emphasis. If you're going to sell soup, you need to get an Olympian out there to remind the American public how good your soup is every once in a while. That's where we are beginning to lose our impact.

Mr. MONTGOMERY. Thank you.

We'll start with you and go back across, General Carney. What about the National Service Program? Of course, it might be too soon to tell. Are you concerned about its effect on recruiting?

General CARNEY. Well, it will be a competitor in the youth market, and we will obviously be concerned with one more good opportunity. As an American, I have great hopes for the national service because I think it's a wonderful program for the youth of America to go serve America. My concern is with the competitive factor.

I think that the educational incentive is properly sized so that it is not as attractive as military service is today. Although it does exceed the GI Bill for the Guard and Reserve dollar value-wise, the Guard and Reserve still have the opportunity to go to school while accumulating their GI Bill credits; whereas, a national service person would have to be full-time employed in that regard.

I have testified to the Senate Armed Services Committee that one way to be noncompetitive with the same market that we seek is for the national service to ask us for the 70,000 young Americans every year who want to serve their nation in the military service but get to the military entrance processing station and find that they've got some physical defect that makes them ineligible for military service. These are outstanding young Americans who are otherwise fully qualified and would be perfect candidates for national service. And we are more than prepared to share those names with the appropriate authorities.

Mr. MONTGOMERY. You mentioned that before. I think that's an excellent idea that some of those young people could go into the national service.

General Boles.

General BOLES. Sir, the national service certainly provides an alternative to people who would like to go to college. And the more closely that payback mirrors the Montgomery GI Bill, the more impact it's going to have.

Now, there's a lot of feeling—and I support this—that the National Service Program, if focused into some of the population groups that are not likely to come into the military, have a low propensity, then it would be great for the nation.

But, as my college-age son explained to me, "As I understand it, Dad, I can get $9,450 for 24 months work or I can get $14,400 for 36. That's a return of $394 a month or $400 a month, not much difference, is there? If I can live at home, it's sure more beneficial."

So I think there will be some impact when we start targeting the same market. But I would support General Carney's approach. There's certainly some merit to that idea, I think.

Mr. MONTGOMERY. General, we were quite active in seeing that the benefits available under the National Service Program would not be more generous than those available under the Montgomery GI Bill. We didn't think a young person who stays at home in Philadelphia, Mississippi, and works in a hospital there should earn the same benefits as a young person who could be sent to Somalia or some other trouble spot.

Under the original plans for the program, national service participants would have earned $10,000 per year in education benefits. We got that benefit to a more appropriate level of $4,725. President Clinton called me personally and said, "Well, what figure will you go with?" By the end of the legislative process, the $4,725 level had been agreed on. I don't think this will hurt military recruitment, but it certainly must be watched.

Admiral.

Admiral ZLATOPER. At the risk of sounding like collusion here, Mr. Chairman, I have to echo the comments of General Carney and General Boles. It's too early to make a definitive statement, but I view the entire issue with reserved caution, I guess would be the best way.

We have talked in the past about the pool of 70,000 young men and women who just physically can't serve in the U.S. armed services. It definitely would be a wonderful thing for them.

On a national basis, the National Service Program sounds compelling, but anything that impacts the recruiting problems that we have right now, while it's too early to make a definitive judgment, I have some caution, I'd like to watch it in the future.

Mr. MONTGOMERY. General Johnston.

General JOHNSTON. Sir, I think, too, the numbers are not alarming at this point. If the national service is in the 100 to 150 thousand ballpark, I would see the competition to be less of concern than the other market forces, like the propensity to enlist, going down.

And I could not be more supportive of General Carney's point that we ought to look for the right people to put into the national service and make sure it is not drawing from the same pool that would make a good candidate for military service.

Mr. MONTGOMERY. You certainly could help them. That's a new agency, and it works right out of the White House down there. We'll pass that information onto them. I'll write a letter myself to the director.

Captain.

Captain AMES. Mr. Chairman, I agree with the other personnel chiefs. I have no further comment.

Mr. MONTGOMERY. General Carney said that he thinks educational benefits really bring in higher quality recruits than bonuses. Do the rest of you agree?

General Boles, we'll go back down to you since General Carney stated his position.

General BOLES. Well, when we look at the AFQT categories of participation in the Montgomery GI Bill, it is direct relationship to quality. When we surveyed the young recruits at Lackland Air Force Base, over 70 percent list education opportunity, furthering their education, as one of the top 3 reasons for joining the military. So there is no question that this program attracts the right kinds of people.

Mr. MONTGOMERY. Admiral Zlatoper.

Admiral ZLATOPER. I concur with General Boles' comments. It's the top benefit that people who join the U.S. Navy say they are coming in for: training and education. The fact that our enrollment has gone from 37 percent 6 or 7 years ago to in excess of 90 percent for the last 3 years, and we're at 93 percent at this moment, shows how much the recruits think of it.

The fact that we are increasing this year, in a tough recruiting environment, from 2,000 to 10,000 the number of Navy college fund enlistments we're offering—and, of course, the backbone of that is at the front end, half of the Navy college fund is your Montgomery GI Bill—says that it's vital that these educational benefits stay with us.

They've been very successful. In fact, my personal opinion is they're not only better than financial bonuses because they, in fact, are an investment in the United States of America on that individual.

I call it the three R's. I know you're very interested in the readjustment of people who leave, but the other two good sides of the Montgomery GI Bill are the front-end portion that help us on recruitment and on retention.

We have some 500 of our sailors this year that are using the GI Bill for enlisted commissioning programs where we will pay them their basic E–5 pay, but they must go to college on their own. They use your bill then to defray the college expenses.

So not only for readjustment, which I know you know is so important for the nation, but for retention and recruitment, the educational benefits are a three-time winner.

Mr. MONTGOMERY. Thank you. I'm glad to see you're showing more activity in the Navy college fund. The Army has used it. It's pretty hard to bring a young man in the Army without some help to make him a point man on an infantry squad. He's entitled to increased educational benefits. I'm glad to see you're using it.

We also need to keep in mind the reality that the tuition assistance program is discretionary spending on the part of the services. Consequently, during times of tight budgets this program could become a target for further reduction. So, the services need to use all their tools, including the GI Bill. Also, whenever we have the chance, we're going to try to increase the GI Bill benefit level.

Admiral ZLATOPER. If I could just follow up on that very quickly, Mr. Chairman. Tuition assistance is something we have a very big interest in that shows interest in education, but, as you say, it can fluctuate. The Montgomery GI Bill is something solid. I think we have a good program now to get the information.

I have to throw an anecdote at you quickly. I went to our Montgomery GI Bill Assistance Office where we have seven people working.

Three of them, by the way, might be of interest to you. They are Reserves we brought back to work with us. Petty Officer Chamberlain who was in to see you 2 weeks ago is in that office. I saw him yesterday afternoon.

So I went to this assistance office and asked "If you can really be responsive, how about working up a package of benefits on somebody whose name starts with a Z?" By close of business last night they sent a memo back listing my GI benefits. They are responsive. That's good.

Mr. MONTGOMERY. Good. Well, if you use them.

General Johnston.

General JOHNSTON. Sir, it's a great program. And, frankly, it targets the very individual we're looking for, the high school grad. I think you see in the enrollment rate that proportionately the high school grads go after it more than the non-high school grads.

And even in terms of mental group, there's a proportionate enrollment based on the higher mental group. So it is exactly targeted on the population that we're looking for to bring into the Marine Corps. It's a great program, and it's properly focused.

Mr. MONTGOMERY. Thank you. Captain.

Captain AMES. Mr. Chairman, my opportunity to speak with some parents of recent recruits clearly two of the biggest things they join up for are the training they get and the education benefits, clearly. So the Montgomery GI Bill has been very instrumental in that area.

We're working pretty hard to get them the training opportunities. They can continue on with a good career or if they get out in 4 years or whatever, if they have a good basis to shift their employment.

Mr. MONTGOMERY. Thank you.

Admiral Zlatoper, do you want to give us the information to go into the record that you worked up there on your——(Laughter.)

Mr. MONTGOMERY. Well, you're showing it all around.

Admiral ZLATOPER. Yes sir. It reads: "Dear Veteran: Based on the information you provided number of dependents: 3, number of months used under the Vietnam Era GI Bill,"—I'm an old aviator, literally and figuratively—"your conversion benefits under this Montgomery GI Bill are estimated at 36 months at $671 per month plus zero months at $400 a month, for a total of $24,156 for 36 months. For further information, please contact your local Department of Veterans Affairs Office at 1-(800)-VA7-1000." (Laughter.)

Mr. MONTGOMERY. Thank you. That's very helpful. Thank you very much.

General CARNEY. Mr. Chairman?

Mr. MONTGOMERY. Yes, sir, General Carney?

General CARNEY. I'm going to let the Admiral win this Army-Navy game, and I'm going to tell you how embarrassed I am, your number one fan, to be the service that has 28 percent of its records declared unknown as far as GI Bill status is concerned. This information has only recently come to my attention.

And I asked Ms. Marge Lyons, who runs our Education Assistance Office in The Adjutant General's Office, to call up my record. My record is "Thomas Patrick Carney, Lieutenant General, GI Bill Status: Unknown." (Laughter.)

I want to give you, sir, my personal assurance that not just will this record, but all 28 percent of those records, will be corrected in the very near future and that Mrs. Marge Lyons is going to have a toll-free number by the end of the month.

Mr. MONTGOMERY. I wonder where you're going to assign that fellow that gave you that report.

Thank you very much. You've been very, very helpful and I thank the panel. Thank you for being here.

[The prepared statement of General Carney appears on p. 66.]

[The prepared statement of Admiral Zlatoper appears on p. 71.]

[The prepared statement of General Johnston appears on p. 76.]

[The prepared statement of General Boles appears on p. 80.]

[The prepared statement of Captain Ames appears on p. 84.]

Mr. MONTGOMERY. We'll call up our last panelists today, representatives of veterans' service organizations. We want to thank them for being with us: Mr. Dennis Cullinan, Veterans of Foreign Wars; Mr. Kimo Hollingsworth, American Legion, Mr. Mike Brinck, AMVETS; Mr. Paul Egan, Vietnam Veterans of America; and Mr. Larry Rhea of Non Commissioned Officers Association. We're very glad to have you gentlemen here this morning.

A would appreciate it very much if our representatives of the veterans' organizations could summarize their statements. I think we could get through before we have a vote, and I appreciate your patience.

This is the first time we've had this many from the veterans' organizations testify on the GI Bill. As I said earlier, I think it's of interest to you as we make create new veterans if we could get qualified young men and women coming out of the service.

Why don't we start with you, Mr. Brinck, on the end there?

STATEMENTS OF DENNIS M. CULLINAN, DEPUTY DIRECTOR, NATIONAL LEGISLATIVE SERVICE, VETERANS OF FOREIGN WARS; KIMO HOLLINGSWORTH, ASSISTANT DIRECTOR, NATIONAL LEGISLATIVE COMMISSION, THE AMERICAN LEGION; MIKE BRINCK, NATIONAL LEGISLATIVE DIRECTOR, AMVETS; PAUL S. EGAN, EXECUTIVE DIRECTOR, VIETNAM VETERANS OF AMERICA; AND LARRY E. RHEA, DEPUTY DIRECTOR OF LEGISLATIVE AFFAIRS, NONCOMMISSIONED OFFICERS ASSOCIATION

STATEMENT OF MIKE BRINCK

Mr. BRINCK. Good morning, Mr. Chairman.

Mr. MONTGOMERY. Good morning.

Mr. BRINCK. Thanks for calling the hearing.

I'll depart a little bit from my prepared text. Again an anecdote. I have two sons who are currently serving in the Army. One is an infantry private, and the other one is a tank corps private. The tanker is, I think, at this time leaving Somalia.

The service chiefs' comments about the perception of the value of the national service education benefit certainly would apply to those two young men. And, quite frankly, having looked at both of them, I'm not sure I would recommend my sons to join the service these days to get an education benefit now that the national service benefit is in place because there's very little difference. It's unfortunate, and I think that with your help, we ought to remedy that situation.

But, anyway, tuition, room and board today at a public college averages about a little over $6,000 a year. At a private college, it's over $15,000 a year. That equates to about a 311 percent increase over the last several years. The GI Bill does not keep track with those increased costs. And the personnel chiefs have testified to the situation that that's creating for them in its recruiting.

Also the erosion of those benefits goes beyond that. I think you could see back in the 1970s and 1980s when VEAP was in style, the services had to add kickers to get their recruiting up to what they needed to have. We're very concerned that the same thing is going to happen, and we know that you would like to put money in here. We hope that we will be able to help you do that.

It's important to say who benefits. What part of our society benefits from the GI Bill? It's certainly not sons of doctors and lawyers. They're not the ones who enlist. It's the lower economic groups.

And what we have here, the Montgomery GI Bill, is a way for the middle class and the lower middle class, economically that is, to raise themselves up economically, make their families better off in the long run.

The data that I got from VA says that they, the servicemembers, have contributed about $1.87 billion to Chapter 30 programs and the program has paid out about $1.2 billion. I know those are a little different numbers than what you have, but that's what they gave me.

That means if the benefit ratio is about nine to one, the servicemembers should be contributing about 10 percent of the costs that are being incurred to the program. If that's the case, the Government's about $750 million ahead at this point or, put another way, if payroll deductions have financed the entire program, the Government is still about $600 million in the green.

I think I'll stop there in case we'd like to talk about this a little bit afterwards. Thank you, sir.

[The prepared statement of Mr. Brinck appears on p. 86.]

Mr. MONTGOMERY. Thank you very much.

Mr. Hollingsworth.

STATEMENT OF KIMO HOLLINGSWORTH

Mr. HOLLINGSWORTH. Mr. Chairman, I want to thank you for this opportunity to testify here today. Before I begin, I'd just like to say that I feel pretty bad that my predecessors who testified before me left the room, the reason being is because those gentlemen aren't dependent upon the Montgomery GI Bill.

I have the privilege and the opportunity to testify here today, sir, as someone who is eligible to receive benefits under the Montgomery GI Bill. I'll have you know that currently I cannot go to college on the benefits that the program provide.

I want to thank you for holding this hearing. Hopefully we can bring some good results out of this. I don't want to go over the basic outline of the plan, but there are some points that I do want to hit on.

I think we all are aware of the rising costs of education. According to my numbers, a college education over the past 18 years has increased 13.3 percent annually. GI Bill benefits, however, over that same period of time have only increased 0.2 percent annually.

To further demonstrate the weakness of the program, sir, you only need to look at the usage rates. The figures that I received from the VA, 38 percent of all eligible veterans have received benefits under the Montgomery GI Bill. And that's since its inception. That means that 62 percent of the veterans who have joined the program are basically unable to receive benefits they have earned. With an out-of-pocket expense of $1,200 and a time period that the benefits may be used, the Government often is the one who benefits.

Not only is the veteran limited in the amount of benefits, the program has incredibly strict requirements. Most people don't realize it, but to be eligible for this program, a veteran must enlist for a period of 8 years. I say again 8 years.

Of those 8 years, a member must serve at least 3 years on active duty. This pertains to the active-duty Montgomery GI Bill, just to clarify that point. After their 3-year commitment, many servicemembers are then transferred to the ready Reserves or the individual ready Reserves for a remaining 5 years.

Mr. Chairman, I'd like to remind you that during the Persian Gulf War, thousands of veterans were recalled from the Individual Ready Reserves and the Active Reserves to participate in that conflict, even though their 3-year commitment of active duty had ended.

Many young adults are now questioning whether 8 years of their life, a $1,200 contribution, the rigors of military life, and the frequent deployments to hostile environments are really worth the benefits they will likely never use.

The use of the funds are also incredibly specific. They're not intended for repaying old educational debt, as with the national service plan. They can't be used in concurrence with any other federally financed program.

And if a participant has family responsibilities, he's expected to meet those as well. Also, unlike national service plan, a veteran is not given assistance for child care and/or health care.

The argument for increased benefits goes well beyond educating veterans. One only needs to look at the original GI Bill signed by President Roosevelt. Mr. Chairman, by educating America's veterans after World War II, America experienced something they've never experienced before. It was the ability to transform America from an industrial giant into a technological world leader.

It has also been estimated that the monies the Government invested in educating America' veterans has been returned up to eight times through increased taxes of persons making higher salaries.

The American Legion proposes that a new veterans' education program be endorsed by the administration and enacted by this Congress. Reluctantly, the Legion concedes that with the financial and budgetary constraints, the participants will probably still have to contribute.

In my testimony, I do have an outline of what the American Legion would like to see. And you can read that at your leisure, sir.

Mr. MONTGOMERY. Without objection.

Mr. HOLLINGSWORTH. The American Legion believes educational assistance for veterans has consistently proven to be a winning concept. People who are trained and educated make more money, pay more taxes, and spend more money. This new GI Bill would be a wise investment in America's future.

Mr. Chairman, that concludes my testimony.

[The prepared statement of Mr. Hollingsworth appears on p. 90.]

Mr. MONTGOMERY. Thank you very much.

I just want to share with you that Speaker Jim Wright, from Texas, was educated with the GI Bill. He gave us a very high figure that, whatever it costs, the GI Bill resulted in increased taxes that the individual would pay because of earnings associated with further education. He felt very, very strongly about that, and he was a strong supporter of education benefits through the military.

Mr. Cullinan.

STATEMENT OF DENNIS CULLINAN

Mr. CULLINAN. Thank you very much, Mr. Chairman. I'd like to thank you on behalf of the entire VFW membership for holding today's important hearing and, in fact, for originating the Montgomery GI Bill to begin with. It's been an outstanding benefit to both veterans and the nation.

I'll depart from my written statement to just briefly outline a few already clearly acknowledged points. VFW certainly concurs with the fact that the GI Bill, the amount that it pays out just isn't enough to even coming close to covering the cost of a college education, nor is it even commensurate with the value of the Vietnam GI Bill. It just doesn't match the monetary contribution nor the incurred military obligation. We know that you would like to put more money into it. And whenever that's possible, we'll certainly support you in that endeavor.

Ideally the VFW would like to see no contribution. Right now the GI Bill is one of the few Federal programs that's operating in the black. Perhaps there is some room, then, to at least reduce the contribution. It constitutes something along the line of 13 percent of a new member of the Armed Forces' pay, and it's just awfully high.

The only complaint that I could really articulate as far as the operation of the GI Bill is in processing time. Our field representatives have observed that it's at least a perception out there that it takes a little bit too long. I mean, it's nothing compared to processing a comp or a pension claim. Nonetheless, it's a bit long, and we recommend at least two more regional processing offices throughout the United States.

And with that, I'll conclude, Mr. Chairman.

[The prepared statement of Mr. Cullinan appears on p. 95.]

Mr. MONTGOMERY. Thank you very much.

Mr. Egan.

STATEMENT OF PAUL EGAN

Mr. EGAN. Thank you very much, Mr. Chairman. I can't help thinking about some of the comments that Mr. Hollingsworth made. He kind of reminds me a little of me. In any event, certainly we appreciate the holding of this hearing, Mr. Chairman.

I'd like to confine my remarks to a discussion of what the Montgomery GI Bill is and what the Montgomery GI Bill is not. I think all of us who have been around here for a long time remember in the late 1970s and the early 1980s the very grave difficulty the military was having in recruiting and retaining qualified people.

The number in the Marines and the Army that were being recruited in mental Category 4 was becoming excessive. It was having an alarming effect on overall readiness.

With your leadership as well at that of the leadership of the Senate Armed Affairs Committee at that time, a program was crafted. And you're to be congratulated, Mr. Chairman. That program has worked. The testimony of the previous panel makes it abundantly clear that it continues to work, perhaps in need of a little bit of a modification.

The point I'm trying to drive at here, Mr. Chairman, is that this is a recruitment and retention program. As such, it is enormously successful. What it is not is a readjustment program. The last time we had a readjustment program in this country for veterans was when we had the World War II GI Bill.

I think the graphs in Mr. Brinck's testimony and the information provided in the Legion's testimony make it very clear that benefit level is simply insufficient to take care of the cost of an education. If, in fact, as a matter of readjustment we want to educate people who complete their military service, then we have to step up to the plate and provide a benefit that accomplishes that objective. It's especially important now.

As a recruitment and retention tool, the Montgomery GI Bill, as I said, was a marvelously successful program. But what is needed now is something different. For the military that is still a need, but what is needed by veterans now is different. What is needed by veterans is an ability to get their education, is an ability to get themselves sufficiently trained to fit into a completely changed work environment in this country.

It's no mystery to this committee or any of my colleagues that we have seen the decline of heavy industry and manufacturing in this country. We're seeing the downsizing of the military, military conversion. We are seeing numbers of veterans who are without work or who are unable to find jobs comparable to ones they've had. Those numbers are escalating dramatically.

Added to that we have a public education system in this country that isn't producing well-trained or qualified people, by and large. I know that in my generation, of those who used the GI Bill, many of them never completed their education, but they always had something to fall back on. What they had to fall back on was the heavy industry and manufacturing sectors of this economy that in a very short period of time would provide a middle income, union wage-type job.

Those industries are gone. And for the individuals coming out of the military today, that backup no longer exists. We have to do something seriously about ensuring that these people are educated.

The World War II generation benefitted from a readjustment program. The result was an economic juggernaut in this country that carried us through the late 1940s, 1950s, 1960s, and even through the 1970s. That generation is now retiring. What do we have to replace that middle class that was created by the World War II GI Bill? We don't have much, sadly.

I'm well-aware, Mr. Chairman, that what I'm recommending in my testimony in terms of the shape of a program that ought to be crafted may not pass the fiscal laugh test, but it seems to me that maybe somewhere in the scoring by the Congressional Budget Office, we could find a way to get them to tote up the value of education to the country as a result of taxes paid back in. It's the very same argument that you cited from former Speaker Wright.

I see that my time is beginning to expire. So I'll simply close by saying that it's important that this be done, and it's not just important for veterans. It's important for the nation as a whole.

[The prepared statement of Mr. Egan appears on p. 98.]

Mr. MONTGOMERY. Thank you very much, Paul.

Mr. Rhea.

STATEMENT OF LARRY RHEA

Mr. T4Rhea. Thank you, Mr. Chairman, and good morning. I could make my remarks real short here and just say sign NCOA up to everything that my colleagues preceding me here at the table have said because certainly we subscribe to all of those comments abundantly, but I'm compelled to make just a couple of very brief comments here. One is in relation to the value of the current program.

I know you've stated your concerns. We've heard other things articulated here at the table concerning the value of the current program in relation to programs of prior eras as well as in relation to the actual cost of education today. But let me underscore that point maybe just one step further.

I would point to a page in the Federal Register that's dated Wednesday, September 29, 1993 about a program that was enacted just about the same time as the Montgomery GI Bill. Those were the educational test programs, similar programs, similar benefits, but the primary difference between those programs and the Montgomery GI Bill is that they were indexed from the very beginning.

In that page of the Federal Register that I referred to, back on September 29, 1993, the rates, the monthly payment of subsistence allowance for full-time students under those programs was increased to $491. Even more notable, though, is that the increases were made retroactive to October 1st of 1990.

So, by whatever measures and whatever comparisons we want to make of the program, I think we can safely say that the program at least should be comparable to similar programs that were enacted and indexed at approximately the same time.

The other point that I would like to make as far as NCOA is concerned, Mr. Chairman—and we've made this point on many previous occasions, and we consider it a remaining inadequacy and inequity in veterans' educational assistance. That's the absence of an enrollment opportunity for those men and women that enlisted between January 1, 1977 and June 30, 1985 and who remain on active duty today.

And to underscore that particular situation, we recently met with the five senior enlisted service chiefs and asked them what their priorities and views were on educational assistance. Unanimously and without equivocation, they all said that we should try to get an open enrollment in the GI Bill for those people who enlisted during that period of service and remain on active duty.

Again, we appreciate your past leadership on this, Mr. Chairman, and we thank you for inviting us here today. Thank you.

[The prepared statement of Mr. Rhea appears on p. 106.]

Mr. MONTGOMERY. Thank you very much. I appreciate the panel's comments.

We'll start off with you, Mr. Brinck. What complaints are you picking up from the veterans out there regarding their education benefits?

Mr. BRINCK. We've heard there are sometimes timeliness problems in terms of processing, but the major concern is just the level of benefit, as I pointed out, 300-plus percent over the last some years. They just can't afford to make ends meet on those kinds of benefits.

That's truly unfortunate. We are hurting U.S. society as a whole, as opposed to just the individual veteran.

Mr. HOLLINGSWORTH. We haven't heard a lot in the way the program has been run. However, I can't reiterate enough the fact in terms of the benefits—and a lot of people don't realize the time and commitment, the true commitment, that it takes to enroll and successfully complete this program.

I think also a major factor is just the way the benefits are disbursed. An idea is to maybe increase the amount of benefits per month or over a shorter period of time.

One of the big things that we're seeing is that students can't even—I should say veterans can't even get into the educational institution because they cannot come up with the money to pay the tuition first.

Mr. **MONTGOMERY**. Thank you. That's a good point.

Mr. Cullinan.

Mr. **CULLINAN**. Yes. Mr. Chairman, as I mentioned earlier, the processing time seems to be a little bit slow in places and, of course, the benefit amount. And that's especially in light of the fact that they had to contribute into the program to get it in the first place.

Mr. **MONTGOMERY**. Yes. Mr. Egan.

Mr. **EGAN**. Thank you. What we hear is largely anecdotal. And, really, we can't draw any generalizations from it, but there is one thing that we do hear from time to time which I do think is a legitimate concern. And that is that if an individual cannot afford to go to college using this program and the 10-year delimiting period expires, the money this individual has contributed is lost to this individual. And that shouldn't be.

Mr. **MONTGOMERY**. Thank you. When we drafted the bill, we considered some exceptions but rejected that idea.

You mentioned, Paul, the financing of it and who should pay for it. We do the best we can to find the money wherever we can get it. You know, the military can use their kicker authority. We want them to kick in more.

It is a benefit for them. And it's a good deal for them. Back in 1984, I said, "You don't have any used car salesmen over at the Defense Department. You've got a good deal here and don't even realize it." They do now.

I certainly appreciate what you're saying. Sergeant Rhea, probably Sergeant Major or Chief or——

Mr. **RHEA**. Good old Master Chief, sir.

Mr. **MONTGOMERY**. Oh, I knew that.

Mr. **RHEA**. Certainly what we hear, my impression, at least up until I heard the Army personnel chief talk here this morning and when he talked about 28 percent of his files being unknown—that was a little contrary to what our impression and observation had been otherwise.

Other than some isolated problems as far as the timeliness and the processing of the claim and that sort of thing, our impression has been that through the work of DOD and DVA that things are now starting to run a lot more smoothly.

It wasn't an easy system to implement, but our general impression is that things are working generally well now for folks getting their benefits.

Mr. **MONTGOMERY**. Well, thank you. Now I'll start with you, Chief. What about national service? What do you think? How do you think that's going to affect——

Mr. **RHEA**. As I indicated in my prepared statement, Mr. Chairman, we had concerns last year at the time that debate took place. And, frankly, we still have some concerns today. We've heard some of those concerns expressed right here with this panel.

I think the reason that the services don't see it as a problem right now is because the numbers that are going into the programs are so low. I would suggest that if those numbers are increased and the National Community and Service Program is increased, that it will be a real problem for the military services.

The one point that I think we have to keep above all others is that educational assistance for military service has to be perceived as and remain the crown jewel of educational assistance of all programs that we offer in this country. And we need to do everything that we can to preserve that.

Mr. MONTGOMERY. Thank you. Mr. Egan.

Mr. EGAN. Thank you. It is largely, as the representative from AMVETS said, that the sons and daughters of doctors and lawyers and other professionals are not entering the military. It's the middle and lower middle and lower classes that are.

You know, when you recounted earlier this morning that you had had a call from the President and he said, "Well, does $10,000 for this National Service Program a year sound about right?"; I wish that you had thought to say, "Well, sure, $10,000 is fine. Then you won't object to the GI Bill being $15,000 a year."

The point I'm trying to make is that even in a fiscally constrained environment, lowering the value of the National Service Program so that the GI Bill can be competitive might not have been the best way to go. It probably would have been better, certainly from our perspective, to have upped the ante and in the process enhancing and making more generous the GI Bill.

Mr. MONTGOMERY. Mr. Egan, when the President of the United States calls you at the local restaurant, you think of things——

Mr. EGAN. I can certainly understand.

Mr. MONTGOMERY (continuing). You'd like to say at a later date. Mr. Cullinan.

Mr. CULLINAN. Thank you, Mr. Chairman. We'd have to concur. There's a strong potential for some heated competition between national service and the military. When reckoned out on a monthly basis, the benefits aren't all that different.

I'd have to imagine, too, that it would affect the different services differently, or at least it could. For example, someone who might be inclined to go into the Marine Corps may not be as attracted to the national service as, say, the pool of people the Army would be drawing from, but, in any event, there is a real strong potential for some detrimental competition.

Mr. HOLLINGSWORTH. Mr. Chairman, I'd first like to say I beat up on the national service plan pretty badly. I don't oppose national service, nor does the American Legion. We fully agree with it. However, in our eyes, the ultimate form of national service is military service.

When that plan was passed, I personally felt as though I had been slapped in the face. And here's why, Mr. Chairman. I can't use my Montgomery GI Bill benefits to pay off my existing college loan. Someone in national service can use their benefits to do that. I don't get child care, and I don't get health care.

I think also that if you tell a—they have the ability to serve their service at their leisure or when it's best suited for them. If you tell a national service member to go fill sand bags on the Mississippi during the flooding, he can very well say, "Well, I'm busy right now, and it's not good timing."

However, if you tell a National Guardsman or a Reserve man or an active-duty person to go fill sand bags and he turns that down, he's going to receive nonjudicial punishment and/or a court-martial.

So, once again, I can only reiterate you have to look at the commitment that's involved.

Mr. MONTGOMERY. Well said. Are you a Persian Gulf veteran?

Mr. HOLLINGSWORTH. Yes, sir.

Mr. MONTGOMERY. Are you, Mr. Brinck?

Mr. BRINCK. Sir?

Mr. MONTGOMERY. A Persian Gulf veteran?

Mr. BRINCK. No, sir. I'm Vietnam and a few things since then. I think I indicated sort of my fatherly reaction to national service as compared to the GI Bill. There's certainly nothing wrong with national service. AMVETS supported it when it was being negotiated with the President, and we continue to.

Having said that, I'd have to agree with Mr. Egan that looking back, hindsight being 20/20, of course, an increase in the GI Bill might have been a better tack to take.

It certainly offers the opportunity to, someone said, be a slap in the face. And I think, that is a real danger. I applaud the service personnel chiefs for suggesting that the people who get first crack at national service ought to be that 70,000 who were unable to be accessed into the military services. It's an excellent idea, and we would absolutely support that.

Mr. MONTGOMERY. Thank you. This is excellent timing. We now have a vote on the floor, and I want to thank the service organizations and the non-commissioned officers for being here today. It's been an excellent panel.

[Whereupon, at 1:10 p.m., the subcommittee was adjourned.]

APPENDIX

STATEMENT OF
R. JOHN VOGEL
UNDER SECRETARY FOR BENEFITS
BEFORE THE
SUBCOMMITTEE ON EDUCATION, TRAINING
AND EMPLOYMENT
HOUSE OF REPRESENTATIVES
March 10, 1994

Mr. Chairman and members of the Subcommittee:

Thank you for the opportunity to appear before this Subcommittee to provide testimony concerning the various education programs we administer, including the Montgomery GI Bill-Active Duty (chapter 30) and the Montgomery GI Bill-Selected Reserve (chapter 106).

Before getting into the specifics of each program, I would like to give you some idea of where we stand with the various programs. For Fiscal Year 1993, 35,118 individuals trained under chapter 32 (Veterans' Educational Assistance Program) and 40,848 trained under chapter 35 (Dependents' Educational Assistance Program). We had 246,057 chapter 30 trainees and 110,457 chapter 106 trainees.

Overall benefits usage continues to increase, fed mainly by the Montgomery GI Bill. The number of Montgomery GI Bill (MGIB) trainees continues to increase as the number of chapter 32 trainees declines. By Fiscal Year 1999, we project there will be 445,120 chapter 30 trainees, and 7,940 individuals training under chapter 32. The number of chapter 35 dependents in training is expected to gently decline between now and Fiscal Year 1999. By Fiscal Year 1999, we expect about 36,000 trainees in the program compared to 40,000 today. For all programs combined, we had some 433,000 actual trainees in Fiscal Year 1993 and we project an increase to 584,000 in Fiscal Year 1999, a net increase of about 35 percent.

Chapter 30

Since its inception in 1985, the Montgomery GI Bill has been instrumental in the readjustment of some 370,000 members of the military to civilian life. Through the end of Fiscal Year 1993, more than $1.2 billion had been paid in chapter 30 benefits.

The Department of Defense has notified us that, through the end of January 1994, some 1.48 million servicepersons, 78 percent of those who were eligible, had participated in chapter 30 by having their basic pay reduced. A total of $1.87 billion in basic military pay reductions has been made for program participation through Fiscal Year 1993. The overwhelming majority of those participating have used their benefits for college-level studies.

We note that for the 1992-1993 school year, data from The College Board show total resident costs for 2-year and 4-year public colleges increased 10 percent over the previous academic year. This upward trend is expected to continue at public colleges as states struggle with how to increase college funding given already tight budgets. It is easy to see how critical the availability of these education benefits has been and will be for our veterans' educational futures.

In terms of delivery of benefits, we process chapter 30 claims on a more timely basis than we do non-chapter 30 claims. In fact, we are exceeding our goal of 80 percent of initial claims processed in 30 days or less (83.4 percent). However, for non-chapter 30 claims we fall somewhat short of that goal (71 percent). We believe our success with chapter 30 claims is due to regionalization. Only the four Chapter 30 Regional Processing Offices (RPOs) adjudicate chapter 30 claims. Processing of the remaining education programs is accomplished by the regional offices in each state.

Chapter 30 Program Growth

Chapter 30 benefit processing initially was handled exclusively at the St. Louis Regional Office. However, the rapid growth of the program soon outstripped St. Louis' capacity. We met that challenge on July 1, 1989, by opening additional regional processing offices (RPOs) in our VA Regional Offices in Muskogee, Buffalo and Atlanta.

Chapter 106

The chapter 106 program has been widely viewed as a program with great promise. Like the chapter 30 program, it too is popular.

Through December 1993, more than 301,000 reservists have made use of the program. The breakdown of this total is as follows: the Army National Guard had the most participants with close to 120,000; next comes the Army Reserve with more than 75,000; Air National Guard, more than 31,000; Navy

Reserve, 30,000; Marine Corps Reserve, 24,000; and Air Force Reserve, 21,000.

In Fiscal Year 1993, there were 110,457 trainees in chapter 106. We project that this number will decrease to 94,300, a reduction of 14.6 percent by the end of Fiscal Year 1999.

Management Improvements

As I indicated earlier, our timeliness standard requires that we process 80 percent of our original claims within 30 days or less and 90 percent of our supplemental claims (enrollment documents) within 30 days or less. We are exceeding our standard for original claims in all four RPOs, and for the most part are meeting the standard for supplemental claims (enrollment documents).

Given the challenge of continuing growth in chapter 30 use, we are working closely with the RPOs to maintain our success in meeting timeliness standards. Toward this end, we have developed an electronic enrollment certification program, VACERT (Electronic Education Certification Program).

VACERT

VACERT is a personal computer program that allows schools to electronically send enrollment certifications and notices of change in student status to VA. At present, the program is being offered to schools by the four chapter 30 regional processing offices and more than half of the regional offices. The program is available for Institution of Higher Learning and Non-College Degree trainees. VACERT provides an efficient method for schools to certify enrollments and avoid delays in mailing enrollment documents.

Regionalization

It is evident that a trained cadre of adjudicators concentrating on education claims leads to improved quality and timeliness. At present, due to the size of chapter 30, more than 60 percent of the education workload is processed by the RPOs. This will increase to more than 70 percent in Fiscal Year 1995. Consequently, we are studying the benefits of further regionalization of education claims processing. Moreover, we continue to look at standardization among the various education programs, as recommended by the Commission to Assess Veterans' Education Policy.

Coordination With Other Agencies

We administer the Montgomery GI Bill in close coordination with the Department of Defense. Our education program officials meet with their counterparts in the Department of Defense on a routine basis to discuss any processing difficulties and common administrative issues that may arise. In addition, we have included representatives of the Department of Defense, the Services, and Reserve Affairs at planning and training sessions held for our regional office personnel.

VA and the National Association of State Approving Agencies (NASAA) have jointly developed the National Training Curriculum (NTC), primarily to train new officials of State approving agencies. In conjunction with this effort, in 1992 VA and NASAA staff jointly provided four regional training workshops to State Approving Agency and VA personnel to introduce the new curriculum. Last year, additional training was provided and we plan to conduct another training workshop for new personnel this summer. We have found that these sessions have strengthened both monitoring and oversight.

Optical Disk Imaging System

An imaging system (optical disk) was installed in the St. Louis Regional Office in November 1987 to support chapter 30 education claims processing. The original installation was a prototype intended to demonstrate advantages of such a system vis-a-vis a paper-based processing environment. This prototype study was successful and the system was assimilated into production operating units. Over a period of time, we have enhanced this system and otherwise upgraded it to meet workload demands.

Because the optical disk imaging system has proven its worth through the utilization of the existing system, VBA's modernization plans include expanded implementation and utilization during Phase II. A final time line for the projected Phase II implementation has not yet been defined. Given the current needs and requirements, we anticipate a complete installation at all four regional processing offices by latter 1995.

VETSNET

VETSNET is the acronym for Veterans Service Network. It is the modernized system that the Veterans Benefits Administration is working on and will include Regional Office functions. While implementation of this system is some years off, it is an initiative which should permit us to process education claims even more efficiently than at present. Once VETSNET is on line it will support the entire regional office. Furthermore, it will be possible to access data from anyplace in the country.

Service Members Occupational Conversion and Training Act of 1992 (SMOCTA)

Mr. Chairman, although there is another scheduled hearing dedicated solely to SMOCTA, I do want to say that the program is up and running and has been for several months now. Congress established this jointly administered program to assist separated service members with their integration into the civilian labor force. We think the program will prove to be especially helpful in the current milieu of our Armed Forces being downsized. We are proud to be the lead agency in this effort and appreciate the cooperation we have received to date from both the Department of Defense and the Department of Labor.

Mr. Chairman, this June marks the 50th Anniversary of the GI Bill. There will be a number of activities to commemorate this landmark event. As part of our observance of this historic anniversary, we are producing an educational video in which prominent figures in the arts, the media, and government will be featured speaking about their GI Bill experiences. To name a few who will appear: John Chancellor, Former President George Bush, Jack Valenti, James Whitmore, and Adrian Cronauer, the

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disk jockey of "Good Morning Vietnam" fame. We appreciate the time you spent with our staff in conjunction with this proposal, Mr. Chairman.

This concludes my testimony. I would be pleased to answer any questions you or other members of the Subcommittee may have.

STATEMENT OF THE
DEPUTY ASSISTANT SECRETARY OF DEFENSE
FOR MILITARY PERSONNEL POLICY
LIEUTENANT GENERAL ROBERT M. ALEXANDER

BEFORE THE
HOUSE COMMITTEE ON VETERANS' AFFAIRS
SUBCOMMITTEE ON EDUCATION, TRAINING
AND EMPLOYMENT

MONTGOMERY GI BILL

MARCH 10, 1994

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on Education, Training and Employment

Good morning Mr. Chairman, I am pleased to appear before you today to discuss veterans' education assistance programs. Much of what I have to say focuses on the Montgomery GI Bill (MGIB) program. There is little doubt that the MGIB has met or exceeded the expectations of its sponsors, and has been instrumental in the success of the All-Volunteer Force.

In his State of the Union address, President Clinton promised, *"As long as I am your president, our men and women in uniform will continue to be the best trained, the best prepared, the best equipped fighting force in the world."* The readiness and strength of the American military has been a major factor in the dramatic changes that have occurred in the national security environment. Our men and women in uniform won the Cold War and in the Persian Gulf War proved themselves to be the best military force in the world today. We remain committed to maintaining a quality force and recognize that an important contributor to success comes from a recruiting effort that attracts high-quality people; incentives like the Montgomery GI Bill are instrumental to our success. Let me first address recruiting; then I will discuss how the MGIB operates in support of that and other efforts.

RECRUITING..

The Department has been successful in obtaining both the desired number and quality of accessions over the past several years. During FY 1993, all Services met their recruiting objectives, accessing 199,703 non-prior service enlistees. Ninety-five percent of new recruits were high school diploma graduates compared with an average 91 percent between 1980 and 1993. The same pattern exists in above average aptitude recruits; they comprised about 70 percent of FY 1993 intake, compared with an average of about 60 percent between 1980 and 1993. Results for the first four months of FY 1994 closely parallel last year's success with 94 percent high school diploma graduates and 70 percent scoring above average in aptitude, with numerical goals met as well.

High-quality recruits are a sound investment and absolutely essential to the readiness of the Military Services. Research has shown that about 80 percent of high school graduates will complete their initial three-year obligation, while only half of the non-graduates will make it. High school diploma graduates also have fewer disciplinary problems. In addition, higher aptitude recruits learn faster and perform better on the job than their lower aptitude peers. Lower numbers of high school diploma graduates will require more accessions to replace higher attrition, consequently driving up recruiting costs. We believe that resources allocated to recruiting must be sufficient to keep military recruits above 90 percent high school diploma graduates and 60 percent above average in aptitude -- we refer to these as recruit quality "benchmarks". The past four years have been the best in recruiting history with recruit quality remaining above these benchmarks; however, sustaining high quality is becoming more of a challenge as recruiters must battle both a declining propensity of American youth to enlist in the Armed Forces and a growing perception that military service is no longer a secure or desirable career option.

In sum, the quality of enlisted accessions remains high. Incentive programs, such as the Montgomery GI Bill, remain essential to our success in attracting bright and well educated people, and allowing them to grow--both personally and professionally--through the educational attainment that the MGIB permits. This also serves to enrich the Nation.

THE MONTGOMERY GI BILL..

During transition from military to civilian life, the Montgomery GI Bill has successfully led to the further education of over one half million of this country's citizens. The MGIB has been especially helpful in recent years during the turbulence associated with the force drawdown. The Montgomery GI Bill is a tremendous contributor to the development of a more highly educated and productive U.S. workforce--certainly an advantage for our country in today's competitive world market. With its successes, the Montgomery GI Bill continues in the same tradition as the Servicemen's Readjustment Act of 1944 signed by President Roosevelt. In addition to the benefits afforded to active duty members, reserve personnel also benefit from the Montgomery GI Bill. Mr. Frank Rush, Office of the Assistant Secretary of Defense for Reserve Affairs, will discuss the MGIB as it pertains to the nation's Reservists. My testimony will cover the Montgomery GI Bill as it affects active duty personnel under Chapters 30 and 32 of Title 38, United States Code.

ENROLLMENT

The Montgomery GI Bill enrollment rates have been much higher than the enrollment rates experienced with the Veterans' Educational Assistance Program (VEAP), which was the previous contributory "GI Bill" program. Participation rates clearly demonstrate the attractiveness of the Montgomery GI Bill. As shown in the tables below, enrollment in the active duty program since its beginning in 1985, through October 31, 1993, is 72 percent of the eligible pool. A total of 1.7 million men and women, from an eligible pool of 2.3 million, chose to participate over this period. Recent data show the program is maintaining its popularity, with

91 percent of eligibles enrolled for the current fiscal year. The percentage of people who actually used the Montgomery GI Bill benefits has steadily climbed, from an overall 40 percent in 1991 to 46 percent for last year.

Cumulative MGIB Enrollment – July 1, 1985 to October 31, 1993

	Participants	Enrollment Rate
Army	729,648	80
Navy	487,073	71
Air Force	243,402	61
Marine Corps	211,857	70
[illegible]	[illegible]	[illegible]

MGIB Enrollment – October 1, 1993 to January 30, 1994

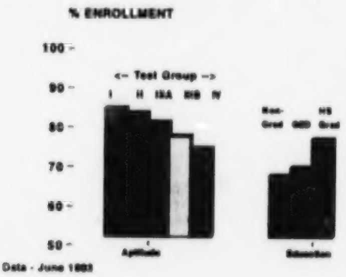
	Participants	Enrollment Rate
Army	5,414	95
Navy	3,553	89
Air Force	2,456	90
Marine Corps	2,215	88
[illegible]	[illegible]	[illegible]

Included in these enrollment rates are a significant number of individuals who were given the option to convert their VEAP enrollment to the MGIB program under Public Law 102-484, Section 4404, "National Defense Authorization Act for Fiscal Year 1993". Because of this conversion, veterans using their VEAP benefits have significantly decreased. For example, 45,250 veterans used VEAP benefits in FY 1992, while that number was 35,118 for FY 1993.

Also included in the enrollment increase are individuals who became eligible under Public Law 102-568, "The Dependency and Indemnity Compensation Reform Act of 1992." This law allowed individuals who were on active duty on August 2, 1990, and who completed their GED requirements or received a secondary school diploma by October 29, 1994, whether on active duty or not, to establish MGIB eligibility. The Services informed 11,796 individuals of their further ability to participate in the MGIB.

The success of the Montgomery GI Bill is not only measured in the number of young people enrolled, but also in the quality of people who are attracted to the Services as a result of the available educational benefits. There is a significant relationship between overall aptitude of enlistees and enrollment in the Montgomery GI Bill program. Also, high school graduates enroll at a higher rate than non-high school graduates or enlistees with alternative credentials, such as GED certificates. These trends are important because high school graduates are more likely to complete their first term of enlistment than are high school dropouts, and individuals with higher aptitude have better job performance than those with lower aptitude. MGIB enrollment by aptitude and education is shown below.

Percent MGIB Enrollment
by Aptitude and Education

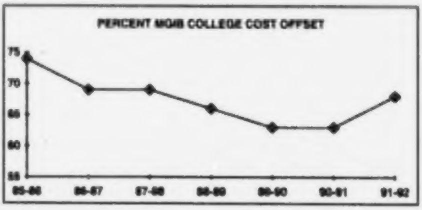


VOLUNTARY SEPARATION

It is significant to note the success of the Montgomery GI Bill and its contribution to the post-Cold War military drawdown. Those individuals participating in the Voluntary Separation Incentive (VSI) and Special Separation Benefit (SSB) programs were offered the opportunity to participate in the Montgomery GI Bill, if they had not enrolled during their initial enlistment. The Services informed 65,232 individuals of their eligibility to participate in the MGIB. This option resulted in an additional 7,289 young men and women enrolling in the program. Of these 7,289 individuals, 67 percent now are using their MGIB benefits.

RECRUITMENT INCENTIVE

The chart below presents the percent of tuition costs offset for undergraduate education for each of the years the Montgomery GI Bill has been in effect. The offset declined from nearly 74 percent in school year 1985-86 to 64 percent by 1989-90, as average annual costs of a four-year program rose by nearly one-third (29 percent). With the recent increase in MGIB benefits, the offset (as a percent of 1993 average education costs) currently stands at 68 percent.



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Given our recent recruiting successes, current basic benefits appear to be adequate as an enlistment incentive. However, as college costs rise, the offset provided by the Montgomery GI Bill benefits will require close monitoring to keep the program competitive.

NATIONAL SERVICE

Regarding the recently enacted National Service Trust Act of 1993, we believe national service will have no discernible impact on military recruiting. As long as national service programs remain at a moderate level (100,000-150,000) and the relative compensation package for military service is perceived as more generous than that for national service, we should be able to meet our recruiting goals. The current educational stipend for national service is less attractive ($9,450 for 2 years of service) than the benefit permitted under the Montgomery GI Bill ($11,700 for Service members who enlist for 2 years). People who enlist for 3 or more years receive $14,400. The Army, Navy and Marine Corps College Funds also are available to qualified recruits and increase the educational benefits to $30,000 for a 4-year enlistment. As long as the MGIB educational benefits exceed those for national service, we do not expect any adverse effect on military recruiting.

ADVERTISING

The continued success experienced with the Montgomery GI Bill is in large part the result of emphasis placed on the program by Service recruiters, to include military advertising and recognition across the nation that education plays a vital role in today's workplace. Montgomery GI Bill information continues to be prominently featured in our direct mail recruiting literature. Every 18-year-old male who registers with the Selective Service System receives a full-color information brochure explaining the benefits of the program. Approximately 1.8 million young men are reached in this manner each year. An expanded version of the brochure is distributed to the Services for use at recruiting stations. We also produce and distribute a magazine for use by high school seniors and guidance counselors which contains an MGIB advertisement and individual ads from each of the Services. The magazine, called FUTURES, will be mailed to 3.3 million students and over 21,000 counselors this year.

These advertising efforts are followed by Service recruiters--responding to one of the top three reasons young men and women give for joining the military. Survey results show that the opportunity for further education is one of the Services strongest drawing cards. In combination with supplementary education benefits funded by the Services (Army, Navy and Marine Corps College Funds), the Montgomery GI Bill provides the principal programmatic response to that need. Service recruiters thoroughly brief each prospective recruit on the basic Montgomery GI Bill benefits and enrollment criteria and provide additional literature.

All enlistees are briefed at the Military Entrance Processing Stations to ensure they fully understand the structure and benefits of the Montgomery GI Bill and the requirement to disenroll if electing not to participate. They are briefed again at recruit training, and it is here, within two weeks after enlistment, that the final decision is made whether to participate in the Montgomery GI Bill program. Finally, at separation, eligible individuals again are briefed on the MGIB and encouraged to take advantage of the educational opportunities it provides.

AUTOMATION AND DATA ACCURACY

One area of concern voiced by this Committee is automation between the Services and the Defense Manpower Data Center (DMDC). Data accuracy is a key objective of smooth payment to veterans. To address concerns that inaccurate or missing data were interfering with program operation, I sent a memorandum to each Service Deputy Assistant Secretary for Manpower in February of this year, asking for assistance in reducing the number of records that lack the necessary information for Montgomery GI Bill enrollment. This memorandum established a long-term goal to reduce the error rate from the Services to DMDC to less than 5 percent. This is an ambitious goal, but one we should be able to attain.

Another initiative that has been successful in eliminating data errors is our updating and standardization of the narrative reasons for separation that are provided by the separation program designator (SPD) code. Starting October 1, 1993, all Services are using the same standard definitions and codes for separations. This should eliminate confusion by the Department of Veterans' Affairs (DVA) in determining whether an individual should receive Montgomery GI Bill benefits.

Another noteworthy automation initiative is ongoing between the DVA and the Services. Prior to this fiscal year, the Services did not have access to the computer information the DVA used to make payments. Today, the Services have access to that same information. We believe this will accelerate the response time of data flow from the Services, to DMDC, then to the DVA. This should result in more accurate and timely payments of benefits to our veterans.

CONCLUSION..

Significant improvements have been made in military manpower over the past 10 years. Today, our volunteer military stands ready, willing and able to defend our nation and carry out its national military strategy. Credit for success in attracting and retaining high quality personnel belongs in no small part to Congress and this Committee for providing us with the MGIB program. Largely as a result of the MGIB, we have been able to increase and then sustain recruit quality despite a shrinking pool of eligible youth in a period of fiscal austerity. Thank you again for the opportunity to appear before you.

STATEMENT OF THE

ACTING DEPUTY ASSISTANT SECRETARY OF DEFENSE
FOR MANPOWER & PERSONNEL
OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
FOR RESERVE AFFAIRS

MR. FRANCIS M. RUSH, JR.

BEFORE THE

HOUSE COMMITTEE ON VETERANS' AFFAIRS
SUBCOMMITTEE ON EDUCATION, TRAINING
AND EMPLOYMENT

IN CONNECTION WITH
VETERANS' EDUCATION ASSISTANCE

MARCH 10, 1994

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ON EDUCATION, TRAINING AND EMPLOYMENT

Mr. Chairman and Members of the Subcommittee:

I am very pleased to appear before you today to discuss the Montgomery GI Bill for the Selected Reserve. As requested, I will review the implementation and effectiveness of the program as a recruitment and retention tool, and outline the many initiatives we have taken to ensure timeliness and accuracy of eligibility reporting. However, I would first like to acknowledge the work of this Subcommittee in providing such a powerful tool to enable us to recruit and retain highly qualified Guardsmen and Reservists. The result is National Guard and Reserve forces that have demonstrated their capability to respond when needed.

BACKGROUND

The Montgomery GI Bill is a non-contributory program that provides educational assistance to Selected Reserve members who enlist, reenlist, or agree to serve in the Selected Reserve for six years. Members must have completed requirements for award of a high school diploma before completing initial entry training. To be eligible for educational assistance under the vocational or technical programs, the enlistment, reenlistment, or agreement to serve must be on or after October 1, 1990. Those who continue their service in the Selected Reserve have up to ten years within which to use the entitlement. Benefits are payable, for as long as 36 months of education, at the rate of $190 per month for full-time pursuit of a program of education and proportionately reduced rates for less than full-time pursuit. The law now also provides for a future automatic increases in the monthly rate based on changes in the Consumer Price Index.

Unlike previous GI Bill programs and the Montgomery GI Bill for the active components, the Educational Assistance program for the Selected Reserve provides for receipt of benefits before the qualifying military (Selected Reserve) service is complete. This type of "real-time" program, in which the individual Reservist literally recertifies eligibility through attendance at monthly drills, requires a system that can monitor both the educational program (a traditional function for the Department of Veterans Affairs (VA)), and continued satisfactory performance in the Selected Reserve (the responsibility of the Department of Defense). Because of the mobility of Reservists, which often leads not only to changes in the member's Selected Reserve unit of assignment but also to the transfer of members from one Reserve component to another, as well as the need to have a means for rapidly conveying eligibility data from DoD to VA, it was clear early on that only an automated centralized reporting system would meet the needs of the program. The Defense Manpower Data Center (DMDC) in Monterey, California, continues to serve as a central clearinghouse for program data used by DoD and VA.

Since the Montgomery GI Bill for the Selected Reserve provides participants the opportunity to receive benefits prior to completion of the service on which the benefits are contingent, fiduciary control requires a system to track the member's continued satisfactory participation in the Selected Reserve. This is true even if a member has completed the requisite six year service agreement, since payments must stop when an individual ceases participation in the Selected Reserve. It is essential, therefore, that the member's status as reflected in data maintained by the DoD be consistent with the status contained in data maintained by the VA. To meet this end, transfer of data to VA occurs once a week, which helps provide timely availability of data to VA regional offices. Benefit payments are processed by the VA in the same manner as any other entitlement program of educational assistance.

EFFECTIVENESS

Effectiveness of the MGIB program for the Selected Reserve can be evaluated in several ways. First, overall participation remains high. The end of Fiscal Year 1993 found more than 175,800 individuals participating in the Educational Assistance Program for members of the Selected Reserve. Since the inception of the program, there have been over 316,000 National Guardsmen and Reservists who have applied for educational assistance (Table 1). At the end of Fiscal Year 1993, 65.1 percent of all members eligible for educational assistance had actually applied for benefits (Table 2). This is up from 57 percent at the end of Fiscal Year 1992. The percentage of participants attending on a full-time or three-quarter time basis was 75 percent in Fiscal Year 1993, slightly lower than in previous years (Table 3). The Montgomery GI Bill continues to be one of the most important recruiting and retention incentives for the Reserve components.

TABLE 1

Montgomery GI Bill-Selected Reserve Applicants by Component*
(Through Fiscal Year 1993)

Reserve Component	Total Applicants
Army National Guard	125,218
Army Reserve	78,156
Naval Reserve	31,201
Marine Corps Reserve	24,326
Air National Guard	34,396
Air Force Reserve	20,905
Coast Guard Reserve	2,579
Accumulative Total	316,781

* Information for Table 1 is provided to DMDC by the Department of Veterans Affairs and reflects the total applicants for educational assistance from program inception through September 30, 1993.

TABLE 2

Montgomery GI Bill-Selected Reserve
Percentage of Applicants to Eligibles

Table 2A - FY93 Data

Reserve Component	Applicants*	Eligibles**	Percentage of Participation
Army National Guard	125,218	192,085	65.2 %
Army Reserve	78,156	97,400	80.2 %
Naval Reserve	31,201	39,433	79.1 %
Marine Corps Reserve	24,326	24,608	98.9 %
Air National Guard	34,396	72,165	47.7 %
Air Force Reserve	20,905	57,185	36.6 %
Coast Guard Reserve	2,579	3,741	68.9 %
Accumulative Total	316,781	486,617	65.1 %

* Total applicants from program start.

** Number of current and former Selected Reservists who retain eligibility.

Table 2B - Comparison of Percent of Participation - FY89 through FY93

	Reserve Component							
Fiscal Year	Army National Guard	Army Reserve	Naval Reserve	Marine Corps Reserve	Air National Guard	Air Force Reserve	Coast Guard Reserve	Total Selected Reserve
1989	34.5 %	53.0 %	43.2 %	55.2 %	38.0 %	29.8 %	30.9 %	39.7 %
1990	40.0 %	57.5 %	49.1 %	59.5 %	40.5 %	33.8 %	****	44.7 %
1991	45.7 %	62.4 %	58.6 %	65.6 %	43.2 %	30.1 %***	45.3 %	49.2 %
1992	55.2 %	71.2 %	70.9 %	80.0 %	45.0 %	33.4 %	53.3 %	57.1 %
1993	65.2 %	80.2 %	79.1 %	98.9 %	47.7 %	36.6 %	68.9 %	65.1 %

*** In October 1990, Air Force Reserve members who had not used all their entitlement were added back in the "Eligible" total. This was the result of the additional educational programs authorized by Public Law 101-189.

**** An accurate calculation for the Coast Guard for Fiscal Year 1990 is not possible due to data corrections made in that year.

TABLE 3

Montgomery GI Bill-Selected Reserve Fiscal Year 1993 Level of Individual Current Participation by Component

Reserve Component*	Full Time	3/4 Time	1/2 Time	Less than 1/2 Time or Other	Full Time or 3/4 Time Percentage
Army National Guard	43,298	7,905	9,556	4,426	79 %
Army Reserve	24,301	4,909	5,874	2,517	78 %
Naval Reserve	7,619	1,917	2,975	1,357	69 %
Marine Corps Reserve	9,498	1,880	1,753	755	82 %
Air National Guard	11,883	3,016	4,912	2,453	67 %
Air Force Reserve	5,618	1,838	3,259	1,786	60 %
Accumulative Total	102,217	21,465	28,329	13,294	75 %

* The 1476 Coast Guard Reserve current participants are not included in this table due to the extent of missing data on the level of participation.

Another measure of the value of the program is its effect on the number of six-year enlistments. Since the inception of the Montgomery GI Bill, accessions with six-year or greater terms of service have steadily increased. The proportion of accessions without prior military service electing six-year terms has increased from 39 percent of Selected Reserve accessions in Fiscal Year 1985, to 91 percent in Fiscal Year 1993. While other factors play a role in a member's decision, there is no doubt that the Montgomery GI Bill is a significant factor in the decision to enlist for six years.

Closely related as a measure of the impact of the Montgomery GI Bill is its effect on retention. An analysis of available data indicates that the Montgomery GI Bill plays a particularly important role with respect to retention, especially for the first six years of a Reservist's military affiliation. This was confirmed by the analysis conducted by the Sixth Quadrennial Review of Military Compensation and by a RAND Corporation analysis conducted for the Assistant Secretary of Defense for Reserve Affairs.

CHANGES IN LAW

The Department continues to meet the challenge of administering and maintaining a functional benefits system encompassing all Reserve components, DMDC, and VA to keep pace with changes in the law. We have had two significant changes to implement during the past year. The most recent of these changes was the addition of graduate assistance under the Montgomery GI Bill for the Selected Reserve, and the other was the authorization of benefits for members of the Selected Reserve during the force reduction transition period.

GRADUATE ASSISTANCE

On November 30, 1993, President Clinton signed Public Law 103-160, which authorized educational assistance under the Montgomery GI Bill for the Selected Reserve for programs of instruction beyond the baccalaureate level. Unlike Public Law 101-189 which implemented vocational and technical training, new six-year contracts are not required.

Implementing this law proved to be much more of a challenge than was originally anticipated. The Department had to carefully consider how any new policies would affect four separate categories of Selected Reservists. These included those who were already eligible for the program, those who were previously eligible, those who had never been eligible due to receipt of a baccalaureate, and those who would potentially be eligible upon signing a six year contract.

The Office of the Assistant Secretary of Defense for Reserve Affairs developed the draft policy with full participation of MGIB managers from all the Reserve Components during a series of meetings conducted in conjunction with the ongoing MGIB Corporate Information Management (CIM) Project. This participation allowed the Department to identify and answer all questions posed by the components as they arose, and enabled development of a policy which could be easily understood and implemented by the Services. The Department also coordinated extensively with the VA to ensure the implementation plans would work at all levels in both agencies, and that guidance issued by both departments would be in agreement. The result of this effort was an implementation plan which causes a minimal amount of administrative burden on the servicemember, and uses existing system procedures to the greatest extent possible.

Implementation guidance for educational assistance for graduate education was furnished to the Services on February 7, 1994. This guidance described the eligibility status of the various categories of Selected Reservists, and any actions required of the servicemember or the service before application for benefits could be made. Educational assistance for graduate studies is immediately available to members who were eligible for the program on November 30, 1993, with no action required of the member or the service. Members who were previously eligible and had signed a six-year agreement before October 1, 1990, but who had their eligibility terminated due to receipt of a baccalaureate degree can likewise immediately apply to the VA for graduate assistance without any action by the member. Members of the Selected Reserve who signed a six-year contract before October 1, 1990 and would have received a Notice of Basic Eligibility (NOBE) for benefits but for the fact that they had a baccalaureate, may apply for benefits upon signing a NOBE. Members who are currently ineligible for educational assistance who never signed a six year agreement to serve in the Selected Reserve but who take action to establish eligibility will be granted eligibility under policy that existed before graduate assistance was implemented.

Procedural guidance was forwarded to the Services on February 24, 1994. This guidance established detailed procedures for coding eligibility through the Reserve Components Common Personnel Data System (RCCPDS). These procedures were developed jointly by DoD and DVA and were designed to ensure eligible members have immediate access to benefits. The Services are now in the process of tailoring the procedural guidance to their specific systems, and disseminating their guidance

Formulation of the policy and procedures for graduate assistance was a team effort. The assistance of the MGIB staff of the VA and the Services and their Reserve components was instrumental in the timely promulgation of the guidance and implementation of the expanded benefit.

TRANSITION PROGRAM

On March 11, 1993, President Clinton announced, as part of his Defense Conversion Initiative, the implementation of a program of transition assistance for members of the National Guard and Reserve. An important part of this program is the continuation of education benefits under the MGIB for the Selected Reserve. This initiative ensures that Reservists who lose their billet in the Selected Reserve due to actions related to the drawdown after having gained eligibility for benefits will continue to receive educational assistance.

Authority for this initiative was provided in title XLIV of the National Defense Authorization Act for Fiscal Year 1993. This authority covers members of the Selected Reserve during the force reduction transition period beginning on October 1, 1991, and, as amended by the National Defense Authorization Act for Fiscal Year 1994, extending through September 30, 1999. In the case of members separated from the Selected Reserve as a result of actions related to the force drawdown, the law provides for continued eligibility for educational assistance authorized under the Montgomery GI Bill for the Selected Reserve. This eligibility exists until the end of the 10 year period beginning on the date of initial eligibility for benefits status, notwithstanding the member's separation from the Selected Reserve. Members of the Selected Reserve who have been awarded an increase in the amount of basic educational assistance to which they are entitled for service on active duty who receive a higher payment level on the basis of their service in the Selected Reserve (the so-called "2X4" program) are similarly covered.

To implement this initiative, the Department published RCCPDS data reporting procedures to ensure continuation of educational assistance under the MGIB for Selected Reservists who are involuntarily discharged due to the drawdown. These individuals are being tracked separately to ensure that their Montgomery GI Bill eligibility is safeguarded. The continuation of benefits for members who separated from the Selected Reserve with transition benefits presented significant challenges for the Montgomery GI Bill program managers since these individuals are transferred from the Selected Reserve and may be discharged from Reserve status. DMDC changed numerous software programs to accommodate and track the Reserve Transition Assistance (RTAP) cohort. Processing was established for identifying RTAP members eligible for MGIB educational assistance through normal updating paths as well as for ad-hoc, one-time update data sets supplied by the Services.

PROGRAM IMPROVEMENT EFFORTS

During the last year, The Department put a great deal of effort into program improvement by placing continuing emphasis on steps that have worked well in the past as well as by initiating new management procedures. Program emphasis continued to be placed on our capability to support accurate and prompt payments to those who are participating satisfactorily in required training. Educational benefits are immediately authorized for 120 days upon presentation of the member's

NOBE, for enlisted entrants without prior military service, is issued on the member's return to the unit upon completion of initial entry training. After 120 days, benefits are terminated if the Reservist has not been reported as eligible through the automated system.

Expedited correction procedures remain in place so that members eligible for assistance are not erroneously denied timely payments. The expedited correction procedure is an off-line process involving telephonic communications and computer tape transfers. It permits DMDC to inform the VA when eligibility reports are inaccurate. In this way, the VA can confirm continuing eligibility on short notice, thus enabling the VA to keep payments on schedule.

During Fiscal Year 1993 the Department of Defense was successful in reducing the number of cases where eligibility status was reported as "unknown". Charts I and II reflect program eligibles and the number of unknowns in the data reported by the Reserve Components. The number of Reservists whose program eligibility status was reported as unknown for the seven Reserve Components dropped from 249,163 in September 1986, to 19,871 in September 1993, a 92 percent reduction. The reversal in the positive trend reported in the Department's Annual report for Fiscal Year 1992 has been corrected.

Chart I
Selected Reserve Personnel
Eligible
Fiscal Years 1986 - 1993

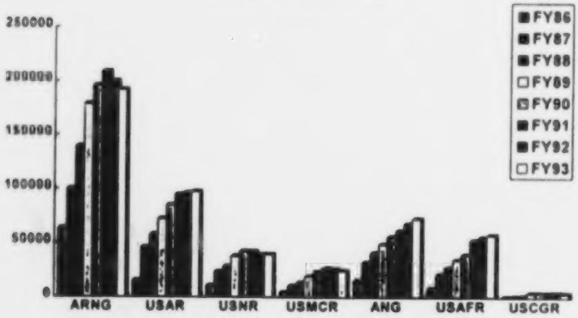
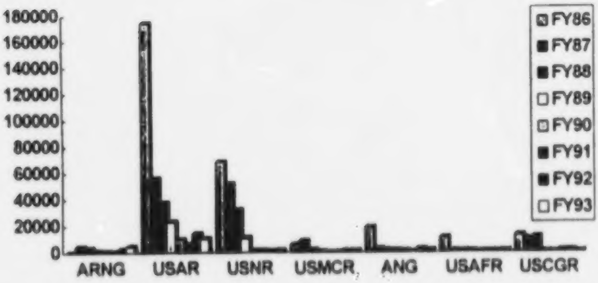


Chart II
Selected Reserve Personnel
Unknown Eligibility
Fiscal Years 1986 - 1993



The Department of Defense has also made great strides in improving the program through better communication and cooperation among the agencies responsible for various aspects of program administration both within and outside the Department. A revitalized Service Point of Contact Working Group came together in December 1992, and monthly meetings have been held since then. Each Reserve Component MGIB for the Selected Reserve Manager attends these meetings as well as attendees from various elements of the Office of the Secretary of Defense as determined by the agenda. These meetings have provided a forum to disseminate policy guidance, work on issues of mutual concern, and share ideas on procedures and policy.

The Department also improved communication through two training workshops conducted by DMDC for Reserve Component Points of Contact. These workshops helped the Reserve Component managers gain a greater understanding of the interface between DMDC and their Service systems, and insight into the assistance DMDC can provide their Service to better their program. DoD MGIB for the Selected Reserve Program managers participated in three inter-agency activities in conjunction with our efforts to ensure vital communications links are in place. The Selected Reserve Program Managers participated in a House Veterans' Affairs Committee MGIB Program Manager Conference sponsored by Chairman Montgomery in April, a VA Regional Processing Office meeting in September and a National Association of Veteran Program Administrators National Convention in October. The discussions at these events have helped us to fine-tune our program, address mutual problem areas, and learn more about the total program.

Several DMDC initiatives have resulted in improved program management DoD-wide. Reserve eligibility reports underwent improvements in response to review and recommendation by the Office of the Assistant Secretary of Defense for Reserve Affairs; the resulting product is a more powerful monitoring tool. The on-line record facility was enhanced to provide a more user friendly environment, thus improving both efficiency in the field and at DMDC and response time to the VA. Programming logic across the MGIB system was refined to further ensure data integrity. In April, the MGIB system was moved to a triple-density disk pack in order to improve processing by reducing work delay, reducing the risk of abnormal termination during update cycles, and providing much needed room for growth. The migration, though an involved procedure, was transparent to the user and did not cause any processing failures or delays.

BUSINESS PROCESS ANALYSIS

In August, 1993, the Assistant Secretary of Defense for Reserve Affairs initiated a comprehensive Corporate Information Management Business Improvement Project on the Montgomery GI Bill for the Selected Reserve. This major effort is intended to assist us to improve the total process of managing this administratively complex program. The project uses contract support to assist MGIB managers from the Office of the Assistant Secretary of Defense for Reserve Affairs and all of the Reserve components in using process analysis tools to describe the MGIB process as it is, capture costs by activity, describe information requirements, and identify improvement opportunities.

Six one week "As Is" workshops have been conducted to date. During each of these individual Reserve Component workshops, Integrated Computer Aided Manufacturing DEFinition Language (IDEF) modeling techniques were used to develop a detailed activity model of work performed in support of the MGIB. The workshop reports from these workshops include a preliminary set of improvement opportunities identified by the participants. This identification of improvement opportunities will contribute to the later development of project recommendations.

The final workshop (TO-BE) will be conducted from March 14 to March 25, and will include participants from OSD and all the Reserve Components. During this workshop an activity model which reflects the identified improvement opportunities will be constructed.

SERVICE INITIATIVES

The Services have also done an outstanding job in enhancing their program management through improvements in administration, training, and systems. Administrative improvements included new procedural directives published by the Naval Reserve, Marine Corps Reserve, Air National Guard and Air Force Reserve, and a new MGIB advertising brochure published by the Air National Guard. The Marine Corps Reserve, Air National Guard and Air Force Reserve have instituted improved methods for computing the number of personnel for actuarial purposes.

All Reserve Components have enhanced their automated systems to improve the accuracy of eligibility data for members of the Selected Reserve. The Coast Guard Reserve has, since February 1993, been able to completely eliminate the eligibility category "unknown" through identification of the problem as a systems-related one and instituting the necessary systems change. The Army Reserve has significantly reduced their number of unknowns. The Naval Reserve has begun to use an automated NOBE which draws information directly from the Navy personnel data base, thus ensuring more accurate entry data into the MGIB file. The Army National Guard has worked extensively with VA to clean up the corrupt data that was contained in some of the older MGIB files.

In the area of training, the Naval Reserve has established an eighteen month cycle of regional workshops for their managers in the field. They have also begun a program of special assistance visits on an as-needed basis. The Marine Corps Reserve is developing an end-user training program.

The VA has made it easier for us to manage the program by providing access to the VA Target System. Read-only access to this system will greatly assist Reserve Component managers in quickly resolving individual cases. VA will provide training materials and other assistance to facilitate access. To date, access has been installed in the Office of the Assistant Secretary of Defense for Reserve Affairs and the Naval Reserve, and will also soon be available to the other Reserve components.

Mr. Chairman, I believe this statement demonstrates the support the Department and the Services have for the Montgomery GI Bill for the Selected Reserve. The program is successful because it is beneficial to the individual and the

Reserve Components. The Department believes that the program is working effectively, and will continue to be effective as a general entitlement.

Mr. Chairman, this completes my prepared testimony. I thank you again for the opportunity to appear before the Subcommittee.

RECORD VERSION

STATEMENT BY

LIEUTENANT GENERAL THOMAS P. CARNEY

DEPUTY CHIEF OF STAFF FOR PERSONNEL

U. S. ARMY

BEFORE THE

EDUCATION, TRAINING AND EMPLOYMENT SUBCOMMITTEE

COMMITTEE ON VETERANS' AFFAIRS

HOUSE OF REPRESENTATIVES

SECOND SESSION, 103D CONGRESS

MONTGOMERY GI BILL

10 MARCH 1994

NOT FOR PUBLICATION
UNTIL RELEASED BY THE
HOUSE VETERANS' AFFAIRS
COMMITTEE

THOMAS P. CARNEY
LIEUTENANT GENERAL
UNITED STATES ARMY

Lieutenant General Carney assumed duties as the Deputy Chief of Staff for Personnel, Headquarters, Department of the Army, on 3 March 1992. As the Deputy Chief of Staff for Personnel, he is responsible for plans, policies and programs for the management of all military and civilian personnel of Active and Reserve Components of the Army.

General Carney was born in Cleveland, Ohio, on 19 June 1941. He graduated in 1963 from the United States Military Academy with a Bachelor of Science degree, as a Second Lieutenant in the Infantry. He has also earned a Master of Science degree in Operations Research and Systems Analysis at the United States Naval Postgraduate School. His military education includes the Basic Infantry Course, the Advanced Armor Course, the Armed Forces Staff College, and the United States Army War College.

He has held a wide variety of important command and staff positions culminating in his current assignment. General Carney's most recent assignment was Director, Program Analysis and Evaluation Directorate, Office of the Chief of Staff, Army.

Other key assignments included Commanding General, 5th Infantry Division (Mechanized), Fort Polk, Louisiana; Commanding General, United States Army Recruiting Command, Fort Sheridan, Illinois; Assistant Division Commander, 82d Airborne Division, Fort Bragg, North Carolina; Deputy Commanding General (West), U. S. Army Recruiting Command; Executive to the Vice Chief of Staff, U. S. Army, Washington, D.C.; Commander, 3d Brigade, 2d Infantry Division, Korea; Chief, Program Development Division, Program Analysis and Evaluation Directorate, Office of the Chief of Staff, Washington, D.C.; and Commander 2d Battalion (Mechanized), 87th Infantry, 8th Infantry Division, Mainz, Germany. He also served for nearly four years in various assignments with U. S. Army Training and Doctrine Command, Fort Monroe, Virginia. In Vietnam he served as a Company Commander in the 173d Airborne Brigade, as advisor to the 49th ARVN Regiment, and as Executive Officer to the Director of Operations of the Military Assistance Command, Vietnam.

Military awards and decorations include the Distinguished Service Medal, Legion of Merit (with two Oak Leaf Clusters), Bronze Star Medal (with "V" Device and two Oak Leaf Clusters), the Meritorious Service Medal, the Joint Service Commendation Medal, the Army Commendation Medal (with Oak Leaf Cluster), the Vietnam Cross of Gallantry, the Combat Infantryman Badge, the Senior Parachutist Badge (with Combat Star) and the Ranger Tab.

General and Mrs. (Peg) Carney have two daughters and one son.

STATEMENT OF THE

DEPUTY CHIEF OF STAFF FOR PERSONNEL

U. S. ARMY

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

Thank you for this opportunity to speak with you on behalf of the Army and our many soldiers and veterans who value the Montgomery GI Bill.

I am happy to report to you today that the Army credits the Montgomery GI Bill for ensuring the success of the All-Volunteer Army which celebrated its twentieth anniversary this past fall. When the recruiting of the All-Volunteer Force wavered in the early 1980's, Chairman Sonny Montgomery championed the cause of improving the quality of volunteer recruits through educational assistance and that incentive has made all the difference.

Since the Montgomery GI Bill went into effect, over 650,000 active soldiers, 88 percent of all those eligible, have elected to participate. Over 90 percent of all eligible Army recruits have enrolled in the program each month since April 1991. In survey after survey of America's youth, "money for college" ranks as one of the top reasons for interest in the military. The Army College Fund, coupled with the Montgomery GI Bill, is a proven, powerful incentive for high quality young men and women to join the Army in our critical skills. As a former commander of the Army Recruiting Command, I have witnessed first hand the enormous popularity of educational assistance incentives with students, teachers, counselors, and parents. Combined with the Army College Fund, the Montgomery GI Bill has become a stalwart recruiting tool enabling Army recruiters to gain access to schools and colleges which are so crucial to recruiting success.

The continued success of the All Volunteer Army hangs on adequate recruiting resources, one of which is the Montgomery GI Bill. 1993 Youth Attitude Tracking Study (YATS) results showed positive propensity to join the Army for 16-21 year-old males has fallen more than 37% from Fiscal Year 1990 to Fiscal Year 1993. Environmental pressures, coupled with significant resource reductions over the past several years, particularly advertising, have made recruiting more difficult. Although the Army may be able to struggle along through Fiscal Year 1994 and Fiscal Year 1995, there is considerable risk of accession mission failures and significantly reduced quality of new enlistees when accession missions increase in Fiscal Year 1996 and beyond Without the Montgomery GI Bill, the future would look even more difficult

The Montgomery GI Bill also serves America by providing disciplined, mature students to its colleges with the means to pursue higher education Perhaps the greatest "peace dividend" this country will see is the return of quality people who will populate the higher learning institutions and eventually society as a whole College communities across the nation will immediately benefit as our soldiers use this educational assistance

To that end, the Army has an Office for Educational Incentives which provides customer service to veterans seeking their entitlements This office handles about a thousand inquiries each month from soldiers, veterans, and the Department of Veterans Affairs This office has a direct electronic link to the Defense Manpower Data Center so it can track an individual's record and determine eligibility for benefits With our large volume of enrollees in the program, the Army constantly strives to provide timely resolution to entitlement issues

The Army also ensures all soldiers transitioning to civilian life understand the Montgomery GI Bill and how to apply for their benefits As part of a comprehensive transitional assistance program, we require soldiers to see counselors at their local education centers where they receive veterans education benefits counseling

We have made practical changes to the Montgomery GI Bill program over its lifetime to make the program attractive to recruits and useful to veterans But I implore you to carefully consider any future changes that might impact on its obvious success as a recruiting incentive The Army will support any change that makes the program simpler to administer and understand, but only if it maintains the program as a major incentive for quality youth to join the military In these times of budget constraints, the Montgomery GI Bill and Army College Fund shine as very cost-effective means to gain quality youth for the armed services The Army needs the Montgomery GI Bill to recruit quality soldiers

The Montgomery GI Bill for the Reserve Components continues to be an excellent recruiting and retention incentive for both the Army National Guard and the Army Reserve Since the inception of the program in the reserve components, over 200,000 citizen soldiers have taken advantage of the benefits to improve their education, and thus their potential in both their military and civilian roles The percentage of eligible soldiers who use the benefits has increased each year reflecting the continuing popularity of the program The availability of educational benefits has increased the quality of recruits in the reserve components and retention is aided by the requirement to continue service to continue to receive benefits Last year's increase in benefits, the recent addition of graduate study benefits, and the use of the program as a transition benefit, have all enhanced the value of the Montgomery GI Bill to the reserve community Both the Guard and Reserve are working to improve the reporting of eligibility data and are participating with the Department of Defense in improving the business processes involved in administering the program The Montgomery GI Bill has been a huge success in the Guard and Reserve and is a key to our continued success in maintaining our reserve forces as a crucial and ready part of America's Army

I thank you again for the opportunity to appear before the Committee and shall gladly answer any questions you might have on this subject

Statement of Vice Admiral R.J. Zlatoper, U.S. Navy, Deputy Chief of Naval Operations for Manpower and Personnel and Chief of Naval Personnel

MR. CHAIRMAN AND DISTINGUISHED MEMBERS OF THE HOUSE VETERANS' AFFAIRS SUBCOMMITTEE ON EDUCATION, TRAINING AND EMPLOYMENT: I AM PRIVILEGED TO REPRESENT THE NAVY BEFORE YOU THIS MORNING AND REPORT ON THE MONTGOMERY GI BILL (MGIB) IN THE NAVY. IN PARTICULAR, I WILL DISCUSS THE NAVY'S EFFECTIVENESS IN IMPLEMENTING EDUCATIONAL BENEFITS' SERVICES, THE INTEGRAL ROLE OF THE MGIB IN RELATION TO THE CURRENT RECRUITING ENVIRONMENT, AND WHAT WE BELIEVE IS THE MONTGOMERY GI BILL'S STRONG POSITIVE CONTRIBUTION TO EDUCATION AS AN INVESTMENT.

SINCE THE NAVY'S REPRESENTATIVE, MY PREDECESSOR, REPORTED TO YOU ON THE MGIB ALMOST FOUR YEARS AGO, WE HAVE COME A LONG WAY. MGIB PARTICIPATION THEN, IN JULY 1990, WAS ABOUT 77%; IT IS NOW OVER 90% AND HAS BEEN BETWEEN 90 AND 95% SINCE JULY 1992.

WE HAVE IMPROVED SUBSTANTIALLY THE QUALITY OF THE DATA WE REPORT TO THE DEFENSE MANPOWER DATA CENTER (DMDC) TO SUSTAIN A MEMBER'S ELIGIBILITY. AND, PERHAPS MORE IMPORTANTLY, WE HAVE CONTINUED TO IMPROVE THE MEANS BY WHICH WE ANSWER INQUIRIES FROM THE FLEET.

FOUR YEARS AGO, WE FOCUSED ON THE ESTABLISHMENT OF A CENTRALIZED, HEADQUARTERS' BASED, EDUCATIONAL BENEFITS' CUSTOMER SERVICE TEAM. THIS TEAM, MADE UP OF OFFICER, ENLISTED AND CIVILIAN EMPLOYEES, HAS BEEN EXPANDED, AND PROCESSES NEARLY 700 MGIB CASES PER MONTH. THE TEAM'S ATTENTION IS FOCUSED ON THE INDIVIDUAL SAILOR AND IT IS NOT UNUSUAL FOR THE TEAM MEMBERS TO RECEIVE WRITTEN THANK YOU LETTERS FROM SATISFIED SAILORS. (HAVE COPY INSERT)

A MAJOR MILESTONE IN IMPROVING THE QUALITY OF PROGRAM IMPLEMENTATION HAS BEEN OUR ABILITY TO MAKE INSTANTANEOUS CORRECTIONS TO A SAILOR'S EDUCATIONAL BENEFITS RECORD VIA DIRECT

COMPUTER ACCESS TO THE DEFENSE MANPOWER DATA CENTER. ALSO, AS OF DECEMBER 1993, WE CAN CROSS CHECK EDUCATIONAL ELIGIBILITY DATA WITH THE DEPARTMENT OF VETERANS AFFAIRS VIA DIRECT TIE-IN WITH THEIR COMPUTER SYSTEM. THIS IS CRUCIAL FOR THE SAILOR WHO IS TRYING TO REGISTER FOR A COURSE AND MUST HAVE A TIMELY RESPONSE ABOUT HIS OR HER ELIGIBILITY FOR BENEFITS. OUR SAILORS CAN COUNT ON THE NAVY TO PROVIDE QUALITY CUSTOMER SERVICE, WHICH HELPS THEM TRANSLATE THE PROVISIONS OF MGIB INTO TANGIBLE BENEFITS FOR THEM.

AS YOU ARE AWARE, THERE ARE NATIONAL INDICATIONS THAT THE PROPENSITY TO ENLIST IN THE MILITARY IS DECLINING. I CANNOT OVERSTATE THE IMPORTANCE OF THE MONTGOMERY GI BILL AS A CRITICAL MEANS OF ATTRACTING HIGHLY MOTIVATED YOUNG PEOPLE WHO COULD NOT OTHERWISE EXPECT TO GO TO COLLEGE. YOUNG PEOPLE ACROSS THE COUNTRY REALIZE THAT HIGH SCHOOL COMPLETION IS NO LONGER A GUARANTEE OF AN ADEQUATE QUALITY OF LIFE. THEY KNOW, THEIR PARENTS KNOW, AND THEIR COUNSELORS KNOW, THAT FURTHER EDUCATION IS ALMOST A QUALITY OF LIFE IMPERATIVE.

AT THE SAME TIME, RECRUITING HAS BECOME MUCH MORE DIFFICULT FOR THE NAVY IN THE PAST YEAR, AND WHILE WE HAVE MET OUR MONTHLY ACCESSION GOALS THUS FAR, NAVY HAS NOT MET ITS NEW CONTRACT OBJECTIVES (NCO) IN EIGHT OF THE LAST TEN MONTHS. THE NAVY'S ACCESSION GOALS FOR FY-94 ARE 95% HIGH SCHOOL GRADUATES (HSG), 62% UPPER MENTAL GROUP (UMG), 38% GROUP III LOWER AND NO MENTAL GROUP IV (MGIV). FY-95'S ACCESSION NUMBERS OF ABOUT 56,000 RECRUITS ARE PREDICTED TO BE ABOUT THE SAME AS FOR FY-94.

ECONOMIC AND MARKET CONDITIONS HAVE CHANGED SIGNIFICANTLY SINCE EARLY FY-93. UNEMPLOYMENT IS DOWN, THE ECONOMY HAS IMPROVED, AND THE NUMBER OF YOUNG PEOPLE ELIGIBLE TO JOIN THE NAVY, RECRUITING'S TARGET MARKET, IS THE SMALLEST IT HAS BEEN IN OVER A DECADE. THIS SPRING NAVY IS ON THE VERGE OF MISSING ACCESSION GOAL (BOTH QUALITY AND QUANTITY) FOR THE FIRST TIME SINCE THE INCEPTION OF THE ALL VOLUNTEER FORCE. TO ENSURE THAT

ATTRITION RATES AND TRAINING COSTS REMAIN LOW, AND THAT NAVY'S READINESS REMAINS HIGH, WE MUST ATTRACT "QUALITY MANPOWER" (YOUNG PEOPLE WHO WILL ULTIMATELY BE COLLEGE BOUND). THE COMPETITION FOR THESE YOUNG PEOPLE IS FIERCE. FURTHERMORE, AS YOU KNOW, THE 1993 YOUTH ATTITUDE TRACKING SURVEY (YATS) SHOWS YOUTH PROPENSITY TO ENLIST IN ANY BRANCH OF THE ARMED FORCES HAS DECLINED FOR THE FOURTH STRAIGHT YEAR. ACCORDING TO NAVY RECRUITING COMMAND, PROPENSITY TO JOIN NAVY IS THE LOWEST OF ALL THE SERVICES - A CONCLUSION THAT IS SUPPORTED BY YATS DATA.

IN THIS HIGHLY COMPETITIVE RECRUITING ENVIRONMENT THE MONTGOMERY GI BILL IS THE ONE SHINING EXAMPLE OF A BENEFIT WHICH CLEARLY MAKES SENSE FOR THE TIMES AND IS, I BELIEVE, ONE OF THE MORE CRUCIAL DRAWS INTO MILITARY SERVICE.

ON THIS BASIS, THE NAVY IS COMMITTED TO EXPANDING THE NUMBER OF QUOTAS AND THE PAYOUT OF THE NAVY COLLEGE FUND. OUR RECRUITING SURVEYS INDICATE THAT THE TOP MOTIVATIONAL FACTOR FOR JOINING THE NAVY NOW IS THE GI BILL. THE NAVY COLLEGE FUND IS A KEY ATTRACTION FOR DETERMINED COLLEGE BOUND YOUTH. WE MUST BE ABLE TO OFFER THIS OPTION TO MORE YOUNG PEOPLE.

FOUR YEARS AGO, THE NAVY'S REPRESENTATIVE EXPRESSED TO THIS COMMITTEE HIS APPRECIATION FOR THE EXPANSION OF APPROVED PROGRAMS OF EDUCATION FOR THE SELECTED RESERVE GI BILL. TODAY I WANT TO THANK YOU FOR THE MOST RECENT CHANGE - THE ADDITION OF GRADUATE EDUCATION AS AN APPROVED BENEFIT FOR OUR MEN AND WOMEN IN THE RESERVE FORCE.

FOUR YEARS AGO, WE WERE VERY CONCERNED ABOUT HOW TO IMPROVE THE PRESENTATION OF THE MONTGOMERY GI BILL TO RECRUITS SO THAT THEY COULD MAKE AN INFORMED DECISION ABOUT RETAINING THEIR MGIB ENROLLMENT. THIS IS NO LONGER A PROBLEM SINCE AN INSTRUCTOR GUIDE HAS BEEN STANDARDIZED. NOW OUR ATTENTION IS FOCUSED ON

PRE-SEPARATION COUNSELING AS PART OF THE WHOLE TRANSITION PROCESS.

TO ENSURE THAT THE MONTGOMERY GI BILL IS PRESENTED TO EACH AND EVERY SEPARATEE FROM THE NAVY, REGARDLESS OF SEPARATION OR RETIREMENT REASON, THE NAVY'S MANDATED PRE-SEPARATION COUNSELING INCLUDES THE MEMBERS' ELIGIBILITY FOR THE MONTGOMERY GI BILL. THIS COUNSELING IS DESIGNED TO BE ACCOMPLISHED ON AN INDIVIDUAL BASIS TO ENSURE THAT ALL SEPARATEES KNOW EXACTLY WHAT THEIR ENTITLEMENTS ARE. ADDITIONALLY, WE HAVE MADE EDUCATION ONE OF THE PRIMARY TOPICS FOR THE MEMBER'S INDIVIDUAL TRANSITION PLAN.

MR. CHAIRMAN, ALMOST EVERYONE IN THE ARMED FORCES AND MANY IN OUR NATION HAVE BEEN BENEFICIARIES OF THE GI BILL. AS THE NATION APPROACHES THE 50TH ANNIVERSARY OF THIS PROGRAM, I WANT TO REITERATE THAT ACCESS TO EDUCATIONAL OPPORTUNITY AND BELIEF IN EDUCATION AS A SOCIETAL INVESTMENT IS STRONGER THAN EVER BEFORE. THIS INVESTMENT IS NOT ONLY FOR SHORT TERM "TRANSITION" PURPOSES, BUT ALSO FOR LONG TERM SOCIETAL PURPOSES WHICH SUPPORT OUR GLOBAL COMPETITIVENESS.

THE NAVY IS IMPLEMENTING THE MONTGOMERY GI BILL PROGRAM WISELY AND WE ARE SERVING OUR CUSTOMER, THE SAILOR, WELL. WE SHALL CONTINUE TO DO SO.

THANK YOU AGAIN FOR THE OPPORTUNITY TO APPEAR BEFORE YOU. THIS CONCLUDES MY PREPARED STATEMENT.

7 February 1994

6980 Foster Street
San Diego, CA 92114

Bureau of Naval Personnel, PERS-602C
2 Navy Annex
Washington, D.C. 20370-6020
ATTN: Ms. Linda Thomas

Dear Ms. Thomas:

I am a former Naval Officer who separated from the U.S. Navy about a month ago under the Voluntary Separation Incentive Program.

On a recent visit to the Veterans Administration Office I discovered that my Montgomery GI Bill contribution had not been posted and was given your number to get help in resolving my problem. As soon as I found out the office I had to deal with was in Washington DC, my immediate thoughts were filled with words like run-around, bureaucracy, uncaring people, long waits on the phone and many other adjectives used to describe the typical support received from those UNDERPAID and OVERWORKED people in our nation's capital.

On my first attempt at calling your office, the phone was answered by Ms. Angela Dinkle and the support I received was outstanding. I was so pleasantly surprised that I had to ask for your name and address so that I could write this letter to express my gratitude and ensure that outstanding workers like Ms. Dinkle get the recognition they deserve. There could only be one of two possible reasons why this happened to me: either I am living right or you keep your people motivated and emphasize treating the customer right, I can assure you it is not the former but the latter.

Once again thank you and thank Ms. Dinkle for me because she made my day and my outlook a lot better by giving that little extra that makes a person feel special.

Sincerely,

Jorge A. Rodriguez

NOT FOR PUBLICATION UNTIL RELEASED
BY THE VETERAN'S AFFAIRS COMMITTEE

STATEMENT OF
LIEUTENANT GENERAL ROBERT B. JOHNSTON
UNITED STATES MARINE CORPS
DEPUTY CHIEF OF STAFF FOR
MANPOWER AND RESERVE AFFAIRS
BEFORE THE
EDUCATION, TRAINING AND EMPLOYMENT SUBCOMMITTEE
OF THE
VETERANS' AFFAIRS COMMITTEE
U.S. HOUSE OF REPRESENTATIVES
CONCERNING
THE MONTGOMERY GI BILL
ON
10 MARCH 1994

NOT FOR PUBLICATION UNTIL RELEASED
BY THE VETERAN'S AFFAIRS COMMITTEE

MR. MONTGOMERY AND DISTINGUISHED MEMBERS OF THE SUBCOMMITTEE:

It is an honor to appear before you today to report the Marine Corps' status and views on the implementation and the effectiveness of the active duty Montgomery GI Bill (MGIB). In particular, I would like to discuss our success in implementing the Montgomery GI Bill, the role of the Montgomery GI Bill in relation to the current recruiting environment, the critical part the Montgomery GI Bill plays in the readjustment of our Marines to civilian life.

Since the Marine Corps' representative, and my predecessor, LtGen Smith appeared before you almost four years ago, we have continued to stress the importance of the Montgomery GI Bill to our Marines. The value of the Montgomery GI Bill is determined by its popularity among new recruits. Participation by our recruits has increased steadily since 1985. FY93 closed with a new accession participation rate of 87%, for a cumulative rate of 75% since July 1985. This fiscal year, October to February, shows an increased accession participation rate of 90%. Of all Marines on active duty, approximately 44.2% are participants in the Montgomery GI Bill; 16.2% are eligible for benefits converted from the Vietnam Era GI Bill; and 13.4% are covered by the Veterans Educational Assistance Program.

We continue to improve the accuracy of Montgomery GI Bill related information we report to the Defense Manpower Data Center. This better quality data enables the Department of Veterans' Affairs to more quickly and accurately adjudicate and determine a Marine's eligibility to benefits. This means quicker benefit payment to our Marines.

Also, we have used the power of the personal computer and modem to improve the quality of program implementation. We use this capability to make permanent record corrections when required, to our Marine's Montgomery GI Bill Educational Benefit Records at the Defense Manpower Data Center. In addition, as of December 1993, we use our direct access to the Department of Veterans' Affairs Educational Eligibility Data to provide information to our Marines.

Finally, we have improved the process by which we answer inquiries from throughout the Marine Corps. During 1993, we focused attention at the headquarters level on the overall importance of education and added an enlisted Marine billet to assist our officer in the processing of over 100 actual problem cases and 100 general information telephone inquiries per month. We take every action possible to ensure Marines receive the educational assistance to which they are entitled under the law.

The effectiveness of the Montgomery GI Bill is reflected in the quality of the young men and women we are able to recruit. Despite national indications that the propensity to enlist in the military is not as strong as in the past, the Montgomery GI Bill remains an attractive recruiting incentive, particularly to those highly motivated young people who recognize the benefit of a higher education, but who might not otherwise expect to go to college.

The opportunity to get money for college has proven to be the single most valuable incentive that attracts the highly qualified young men and women to the service of their country. Based on this fact, the Marine Corps established a Marine Corps College Fund in FY93 to attract these quality, college bound, recruits to the Marine Corps. Marine Corps College Fund participants can receive an additional $15,600 for their education, which combined with the $14,400 total Montgomery GI Bill benefit, provides up to $30,000, an extremely effective enlistment incentive and readjustment benefit. Due to limited budgets, however, we are only able to target the highest quality applicants for the Marine Corps College Fund. The Montgomery GI Bill, therefore, must remain the flagship program for strong recruitment.

Three years ago the Montgomery GI Bill was amended to become part of the transition effort to support the force drawdown. Whereas in the past we were concerned with recruits initially joining the Marine Corps, trying to improve the initial briefings and the data transmittal, we now also focus attention on pre-separations Montgomery GI Bill counseling and enrollment part of the transition process.

To ensure that the Montgomery GI Bill is presented to each and every separatee from the Marine Corps, regardless of separation or retirement reason, the Marine Corps' mandated pre-separation counseling includes the Montgomery GI Bill. This counseling is designed to assist all separatees in determining their entitlement to educational assistance. Additionally, we have made education one of the primary topics for the member's individual transition plan. This special enrollment opportunity in the Montgomery GI Bill has been very popular with our eligible separating Marines who understand the importance of education to their future.

I would like to thank the Members of this Subcommittee in particular and all Members of the Congress in general for listening to and acting on recommendations concerning the provision of educational benefits to the members of the active forces and the selected reserve. The Montgomery GI Bill, through this committee's interest and action, has been strengthened. I thank you for raising the basic active duty benefit amount to $400 per month and for providing a mechanism in the law to tie the basic benefit amount to the consumer price index. Only by keeping pace with the expenses of education can the Montgomery GI Bill remain a viable enlistment incentive and readjustment benefit. I also want to thank you for the most recent change, the addition of graduate education as an approved benefit for our men and women in the reserve force.

Mister Chairman, the military services gain enormously from the GI Bill but we all recognize the more far reaching and enduring benefits that accrue to the Nation at large from a growing pool of highly educated veterans. Perhaps more than ever before, investments in the GI Bill are investments in our Nation's future. This concludes my prepared testimony on the active duty Montgomery GI Bill. Thank you again for the opportunity to appear before you. I would be pleased to answer any questions that you or the other Members of this Committee might have.

STATEMENT BEFORE THE SUBCOMMITTEE ON EDUCATION, TRAINING AND EMPLOYMENT

OF THE

HOUSE COMMITTEE ON VETERANS' AFFAIRS

10 MARCH 1994

Lieutenant General Billy J. Boles
Deputy Chief of Staff, Personnel
United States Air Force

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UNTIL RELEASED BY THE HOUSE VETERANS' AFFAIRS
COMMITTEE

Mister Chairman and distinguished members of this Committee, I am pleased to appear before you today to discuss the Air Force perspective on the Montgomery GI Bill and how it continues to have a positive affect on our recruitment, retention, and transition programs. Let me begin by thanking the members of this Committee for your support for the educational benefits under this program. The Chairman's recent visit to our Basic Military Training School at Lackland Air Force Base underscores this commitment and sends a strong message of support to our people. The Montgomery GI Bill has served us well in the past and we will continue to rely on this important legislation to meet recruiting challenges in an increasingly competitive environment. The Montgomery GI Bill is one of the most effective tools we have to attract top quality men and women into the Air Force.

The Montgomery GI Bill continues to be a strong incentive for young people to join the Air Force. For example, recent enrollment rates show steady increases, and are up sharply from 47% in 1985 to nearly 90% today. These figures reflect healthy interest in the Montgomery GI Bill program, by officers and enlisted members alike, and the value they place on advancing their education. Without this educational assistance, many would be unable to afford rising tuition costs and other related expenses. As you know, the cost of higher education is increasing faster than inflation. Congress's recent change to the law to annually adjust benefit levels based on the Consumer Price Index should further enhance the attractiveness of this program as an incentive for high quality applicants who may not otherwise join the Air Force.

Additionally, surveys at our Basic Military Training School reveal that since 1989, around 70% of the trainees cite education as one of their top three reasons for entering the Air Force. Over the same time period, almost 90% stated that their goal was to complete a bachelor's degree or higher. In fact, just under half of our trainees have their sights set on an advanced or professional degree. Clearly, we must continue to emphasize the Montgomery GI Bill as a recruitment incentive. Equally important, we should recognize that it is meeting the educational needs of our military members who return to civilian life after completing their service commitments.

The Air Force provides pre-separation counseling on the Montgomery GI Bill program to all members discharged, retired, or released from active duty. To help ensure everyone eligible is counseled, we have developed administrative procedures to identify separating members who are entitled to these educational benefits. At least 90 days before separation, each member is counseled and that session is documented in the members' service record. The number of complaints from Air Force members who claimed they were not apprised of their Montgomery GI Bill benefits has declined steadily in recent years. This indicates the procedures are working well. Clearly, the new laws allowing enrollment before discharge greatly enhance our efforts to assist transitioning members. At last count, over 6,800 members who were discharged involuntarily or under one of the special drawdown programs are attending school on their Montgomery GI Bill. That is a big success story and one all of us can share with pride.

Your letter inviting the Air Force to this session also requested an update concerning the delivery of benefits under this program. I am pleased to report that DOD recently found the Air Force data management in this area to be extremely accurate. The military training group at Lackland Air Force Base implemented stringent data processing requirements to ensure information on basic trainees is accurately reported in a timely manner. We use our Advanced Personnel Data System to track Montgomery GI Bill eligibility. This system enables the Air Force to accurately process data on a weekly basis to the Department of Veterans' Affairs through the Defense Management Data Center. As a result, 99 percent of the records for all Air Force active duty members provide a current status of their eligibility for the Montgomery GI Bill.

In conclusion, the Montgomery GI Bill is a true success story in the Air Force. Because of the strong emphasis on the program—from first contact with recruiters, to basic military training, and during separation counseling—we expect to maintain high levels of participation. The Montgomery GI Bill program will continue to be a needed incentive for recruitment and an important transition benefit for our departing members.

U.S. Department
of Transportation

United States
Coast Guard

Commandant
United States Coast Guard

2100 Second Street, S.W.
Washington, DC 20593-0001
Staff Symbol:
Phone:

DEPARTMENT OF TRANSPORTATION

U. S. COAST GUARD

STATEMENT OF CAPTAIN FRED AMES

ON THE

MONTGOMERY G. I. BILL EDUCATIONAL ASSISTANCE PROGRAM

(CHAPTER 30, TITLE 38, U. S. CODE

AND

CHAPTER 106, TITLE 10, U. S. CODE)

BEFORE THE

SUBCOMMITTEE ON EDUCATION, TRAINING AND EMPLOYMENT

OF THE VETERAN AFFAIRS COMMITTEE

U. S. HOUSE OF REPRESENTATIVES

MARCH 10, 1994

MR. CHAIRMAN, DISTINGUISHED MEMBERS OF THE SUBCOMMITTEE, I AM CAPTAIN FRED AMES, DEPUTY CHIEF OF THE OFFICE OF PERSONNEL AND TRAINING FOR THE COAST GUARD. IT IS A PRIVILEGE FOR ME TO APPEAR BEFORE YOU TODAY TO DISCUSS THE MONTGOMERY G. I. BILL.

I WOULD LIKE TO THANK THIS COMMITTEE FOR THE LEGISLATIVE CHANGES THAT IMPROVED THE MONTGOMERY G. I. BILL PROGRAM FOR OUR PERSONNEL.

THE MONTGOMERY G. I. BILL IS AN OUTSTANDING AND VERY EFFECTIVE RECRUITMENT TOOL, WHICH HAS BEEN ENTHUSIASTICALLY RECEIVED BY OUR NEW RECRUITS. THEIR ENTHUSIASM IS EVIDENCED BY A HIGH PARTICIPATION RATE (86%). FOR THE PAST YEAR, OF THE 2,200 RECRUITS ELIGIBLE FOR THE PROGRAM, 1,900 ARE PARTICIPATING.

ALSO, THE MONTGOMERY G. I. BILL CONTINUES TO PLAY AN IMPORTANT ROLE IN ACCESSIONS AND RETENTION IN THE COAST GUARD RESERVE. COMMITMENTS IN THE SELECTED RESERVE OF SIX YEARS OR GREATER HAVE INCREASED STEADILY SINCE THE PROGRAM'S INCEPTION. CURRENTLY, 48 PERCENT OF ALL COAST GUARD SELECTED RESERVISTS ARE ELIGIBLE UNDER MONTGOMERY G. I. BILL, CHAPTER 106. IN FISCAL YEAR 1993, OF THE 3,741 ELIGIBLE MEMBERS, 1,476 MEMBERS WERE ACTIVELY RECEIVING BENEFITS.

THE ISSUES OF TIMELY AND EFFICIENT DELIVERY OF BENEFITS AND PROGRAM EFFECTIVENESS AS A READJUSTEMENT BENEFIT ARE BEST ANSWERED BY THE DEPARTMENT OF VETERANS AFFAIRS, WHO IS TASKED WITH ADMINISTERING THE MONTGOMERY G.I. BILL.

THIS CONCLUDES MY TESTIMONY. MR. CHAIRMAN, I THANK YOU FOR THE OPPORTUNITY TO APPEAR BEFORE THIS SUBCOMMITTEE, AND I LOOK FORWARD TO WORKING WITH YOU TO SEEK WAYS TO MAKE AN ALREADY OUTSTANDING BENEFITS PROGRAM EVEN BETTER. I WILL BE HAPPY TO RESPOND TO ANY QUESTIONS YOU OR OTHER MEMBERS OF THE SUBCOMMITTEE MAY HAVE.

SERVING
WITH
PRIDE

AMVETS

NATIONAL
HEADQUARTERS
4647 Forbes Boulevard
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20706-4380
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Statement of

Michael F. Brinck
AMVETS National Legislative Director

before the

House Veterans Affairs Subcommittee on Education and Training

concerning

Veterans Education Benefits

March 10, 1994

Mr. Chairman, thank you for convening this hearing to discuss veterans education benefits. AMVETS is grateful for the opportunity to share our views with the committee.

VA statistics regarding the major education benefits programs beginning with World War II provide some interesting insights regarding the level of benefits paid under each major program. The following table shows the total number of veterans trained under the major programs, the total cost for each program and the average cost per trainee.

TABLE 1

Program	Total Trained	Total Program Cost	Avg $/Trainee
WWII GI Bill	7,800,000	$14,526,100,000	$1,862
Korean War GI Bill	2,392,000	4,521,400,000	3,248
Post Korean Ch 34	8,177,885	41,386,222,000	5,061
Montgomery GI Bill Ch 30	370,422	1,224,609,301	3,309
Ch 106 (DoD $)	110,457	610,421,392	5,549
Total GI Bill	18,739,307	$61,658,331,301	$3,290
Ch 32	237,466	2,379,109,000	10,038
Ch 35	538,730	3,643,451,000	6,763
Grand Totals/Averages	19,515,503	$67,680,881,301	$3,468

Mr. Chairman, we realize that averages can be misleading and don't necessarily tell the whole story. What the table shows is that the average program cost per trainee under Chapter 30 falls far short of the generosity shown to WWII veterans. But what the table does not show is that the WWII GI Bill paid 100 percent of the cost of tuition and books plus a monthly living stipend - regardless of what schools veterans attended.

Table 2

Tuition, Room and Board	1976	1992
Private 4 Year Colleges and Universities	$3977	$15128
Public 4 Year Colleges and Universities	$1935	$6029

Apply that against the rapidly increasing costs of higher education, and it is obvious that current Chapter 30 benefits do not stand up against previous programs. Department of Education data shows a 380% increase in private college and university costs since 1976 and a 311% increase at public institutions (see Table 2). Following WWII, the GI Bill made it possible to attend the finest schools in the country. Today, the monthly benefit barely covers the cost of tuition at a state institution, much less a private school. To make matters worse, last year's restrictions on increases as a result of budget reconciliation will further reduce the value of the benefit.

That erosion has consequences beyond a veterans ability to pay for post-service education and training. In a 1993 Department of Education study done based on the 1987 Survey of Veterans, titled The Effect of Veterans Benefits on Education and Earnings, Joshua Angrist, PhD, noted that, "Replacement of the GI Bill with Veterans Education Assistance Program (VEAP) contributed to a decline in the quantity and quality of Recruits." He also noted that the decline forced the services to add "kickers" to the basic VEAP benefit to attract higher quality and quantity of recruits. While the study did not focus on Chapter 30, the conclusions are applicable to today's program. Angrist noted that recruits now view education benefits as a major reason for joining the armed forces. Considering that military recruiters are having an increasingly difficult time filling their quotas, it is not unreasonable to conclude that decline in education benefits has an effect on the quality and quantity of recruits entering our armed forces.

That is why AMVETS national resolutions have long-supported a level of benefits equal to the WWII GI Bill. We also strongly support granting national service education credits as an additional benefit for military service. Since there is little difference between the national service education benefit and that for a two-year military enlistment, why would a person seeking education benefits choose military service over less rigorous forms of national service?

It is also important to ask who is empowered by the GI Bill? It is a fact that the vast majority of enlistees come from families in the lower economic brackets. To put it another way, the sons of lawyers and doctors don't enlist. Therefore, the GI Bill must again become the means for the financially less well-off to pay for college.

What does the program "cost" the government? The answer may be very little. The following table shows the total required contributions that have been made by service members to participate in Chapter 30 benefits.

Table 3

Year	Amount
1985	$211,789,970
1986	112,792,806
1987	195,541,582
1988	220,172,748
1989	284,266,671
1990	261,017,568
1991	214,697,362
1992	145,159,216
1993	233,651,306
Total	$1,869,088,029

Table 3 shows that veterans have contributed nearly $1.87 billion dollars to the Chapter 30 program, while according to VA data, the program has paid out about $1.2 billion to cover the costs of the program. Since the target is a 9:1 benefit to contribution ratio, it is fair to assume that about 10% of the costs should have come from the payroll deductions sent to the Treasury. If that is the case, then the government is about $1.75 billion ahead. Or, to put it another way, payroll deductions have financed the entire program and the government is still $600 million in the green.

It is fair to ask the basic question of whether the nation benefits from expenses associated with veterans education benefits. The answer can only be a resounding , YES! First, it is reasonable to conclude that the WWII and Korean War GI Bills eased the employment burden on the national economy due to massive numbers of service men and women returning to an industrial sector in transition back to a civilian economy. Second, it provided the education that filled jobs that required new technical skills and advanced management concepts. The nation's economic and technology bases have benefited for nearly 50 years from the thousands who used their GI Bill benefits in the years shortly after WWII. What's more, the GI Bill established a tradition of higher education for lower and middle class children that has been the core of the nation's economic strength. Today's GI Bill must be strong enough to continue that tradition.

But that generation of Americans is now relinquishing its national leadership position, and is being replaced by the Vietnam generation at a time when the country is retooling itself to compete under the new economic realities of global competition. To veterans leaving the service today, the realities of the job market are much the same as following WWII - a constricted job market and the need for new skills to compete. And our generation will be replaced in a few years by Americans molded by a post-Cold War world, and they too must be ready to accept the torch when it is passed.

Angrist drew several important conclusions. First, he cited a 1977 study which showed that veterans who used some part of their VA education benefits gained a 10 percent earnings advantage over veterans who did not.

In terms of income, Angrist's data show that a veteran's income increases by six percent per year's education. Considering that the income of Vietnam veterans is 15 percent below their non-veteran counterparts, it is obvious that education is the best way to help veterans close that gap.

While we strongly support the Transition/Disabled Transition Assistance Programs (TAP), for purposes of discussion, we must ask whether the $50 to $70 million in resources devoted to those programs might be better spent improving the GI Bill and vocational rehabilitation programs. The GI Bill offers the opportunity to gain skills for the marketplace, not just how to conduct a job search and access VA benefits. It is an unfortunate fact that all those leaving the service do not receive TAP/DTAP training, and improved education benefits will add more to society in the long run than the short term job hunting skills taught in TAP.

Mr. Chairman, to summarize, the GI Bill that bears your name offers the opportunity to ensure quality recruits for the armed forces and an avenue to improve the education opportunities for sectors of society that need help in moving up the economic ladder. You have done a good thing. But it is important to keep the Montgomery GI Bill the premier education benefit provided by the federal government, and it is in danger of losing its economic attractiveness through a steady erosion of buying power.

Mr. Chairman, once again, AMVETS would like to thank you for holding this hearing and we appreciate the committees dedication to America's veterans.

STATEMENT OF
KIMO S. HOLLINGSWORTH, ASSISTANT DIRECTOR
NATIONAL LEGISLATIVE COMMISSION
THE AMERICAN LEGION
BEFORE THE
SUBCOMMITTEE ON EDUCATION, TRAINING AND EMPLOYMENT
COMMITTEE ON VETERANS AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES
MARCH 10, 1994

Mr. Chairman, The American Legion appreciates this opportunity to express its views regarding veteran's educational assistance programs. It is this Committee that drafted the original legislation for the Montgomery GI Bill. That legislation replaced the Veterans Education Assistance Program (VEAP) and greatly improved the educational benefits earned by veterans.

The basic outline of the plan, for active duty members who choose to participate, reduces a service member's pay by $100 a month for a period of twelve months. In return, a full time student can receive a total benefit package of $14,400 over a period of thirty-six months ($400 a month). At a glance, the program looks appealing; however, every year veterans show up on college campuses expecting their GI Bill to cover the cost of their education. Nothing could be further from the truth. The rising costs associated with educational programs, the commitment required to receive benefits and other government educational programs render the bill obsolete.

Over the past eighteen years, the cost of a four year college education (tuition, room and board), has increased a total of 240% (13.3% annually). On the other hand, the GI Bill has increased by a total of 3.6% (0.2% annually). Presently, the average yearly cost of a college education is roughly $8759 compared to the $400 a month or a total yearly benefit of $3600 (payment of benefits is calculated at nine school months to a year) received by veterans. It is clear, that the bill falls short in providing veterans with a college education.

To further demonstrate the weakness of the program, one only needs to look at usage rates. Only 38% of the eligible veterans have received benefits. That means that 62% of the veterans who have joined the program are unable to receive the benefits they have earned. With an out-of-pocket contribution of $1200 by the veteran and a time limit on the program (benefits must be used within ten years from discharge or the veteran loses his/her contribution), the government often is the one who benefits.

Not only is the veteran limited in the amount of benefits he/she may receive, the program has strict requirements. To be eligible, the veteran must serve a total of eight years. Three of those eight years must be served on active duty with the remainder served in either the Ready Reserves (RR) or the Individual Ready Reserves (IRR). A veteran can be recalled to active duty at anytime during his/her commitment. Mr. Chairman, during the Persian Gulf War thousands of veterans who had completed their three years of active service were recalled to active duty from the Ready Reserves and the Individual Ready Reserves. Not only is there a time commitment, but veterans must complete their tour of duty with an honorable discharge. Many young adults now question whether eight years of their life, a $1200 contribution, the rigors of military life and the frequent deployments to hostile environments are worth the benefits they will likely never use. The Defense Department's most recent survey that samples young adults ages 16 to 21 to monitor their "positive propensity" to enlist confirmed a downward trend that worries the military.

Also, the use of funds are very specific. They are not intended for use in repaying old educational or any other kinds of debt. A veteran cannot use benefits in concurrence with any other federally financed program. The funds can only be used at an accredited college/university or a Department of Veterans Affairs sanctioned training course. If the participant has family responsibilities, he is expected to meet those as well.

Unlike the National Service Plan, no assistance is given for health care or child care.

The argument for increased benefits has a greater impact on America than providing monies for college. A brief look at the original GI Bill can demonstrate the importance of educating America's veterans. The original GI Bill has been recognized as one of the greatest pieces of social legislation ever enacted. In signing the original bill, President Roosevelt not only emphasized the nation's obligation to its veterans, but also unleashed a powerful force never before experienced in America. By educating America's veterans, the United States was able to transform the country from an industrial giant to a technological world leader. Also, it has been estimated that the monies the government invested to educate veterans has been returned up to eight times through taxation of higher salaries.

Members of this committee, an improved GI Bill will also assist the United States in creating economic equality among all Americans. It will allow for those who are less fortunate to earn an education rather than being dependent on social handouts. Since the percentage of women and minorities in the services is growing steadily, they individually as well as the United States would benefit from an improved GI Bill.

The American Legion proposes that a new Veterans Education Program be endorsed by the Administration and enacted by Congress. This program will enable honorably discharged veterans to make a smooth transition from military service, both active and reserve duty, into meaningful occupations.

Due to the budgetary constraints in which such a transformation must occur, the Legion reluctantly concedes that financial contributions by participants must continue; however, the compensation levels must be expanded to make that contribution adequate to meet educational costs. The American Legion proposes:

- A participant's contribution and monthly benefit be nontaxable.
- The opportunity to make an annual contribution of $1200 for a minimum of 1 year and a maximum of 4 years. Annual contributions would be made in monthly payments of $100.
- The current ratio of a full time student is 1:12, a three-quarter-time student is 1:9 and a half-time student is 1:6. These ratios are acceptable; however, these ratios would be adjusted annually concurrent with changes in the average tuition rates.
- Benefits would be received over the same amount of time that the member contributed.
- A participant has ten years to use education benefits. After ten years, the veteran may request that the actual amount of unused contribution be refunded (with no interest) through an IRS tax credit.
- Members can contribute at anytime during their military career, but benefits will not begin until three years after enrollment.
- Benefits may be used to pay existing educational loans.
- Members can receive health and child care benefits while enrolled in an educational program.
- A participant's contribution will not be refunded nor benefits paid to anyone receiving a less than honorable discharge.
- All members of the armed forces would be entitled to participate. Reservist and National Guard personnel would be required to make the same annual contributions in order to receive full benefits.

The American Legion believes educational assistance for veterans has consistently proven to be a winning concept. People who are trained and educated make more money, pay more taxes and spend more money. This new GI Bill would be a wise investment in America's future. Mr. Chairman, this concludes my testimony.

STATEMENT OF

DENNIS M. CULLINAN, DEPUTY DIRECTOR
NATIONAL LEGISLATIVE SERVICE
VETERANS OF FOREIGN WARS OF THE UNITED STATES

BEFORE THE

SUBCOMMITTEE ON EDUCATION, TRAINING AND EMPLOYMENT
COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES

WITH RESPECT TO

OVERSIGHT HEARING ON VETERANS' EDUCATION ASSISTANCE PROGRAMS

WASHINGTON, DC MARCH 10, 1994

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

Thank you for inviting the Veterans of Foreign Wars of the United States (VFW) to participate in your oversight hearing on veterans' education assistance programs. These entitlements are authorized in chapters 30, 32, 35, and 36, title 38, United States Code (USC) and chapter 106, title 10, USC.

The 2.2 million members of the VFW and their dependents are interested and concerned about the timely and efficient delivery of benefits under these programs and the effectiveness of the Montgomery GI Bill (MGIB) as a readjustment benefit. In fact, many of our younger members have or are now participating in the MGIB.

Chapter 30, title 38, USC and chapter 106, title 10, USC, deal with the MGIB. Title 38 involves veterans who leave the active duty force and title 10, USC, addresses members of the Selected Reserve. In the case of the active duty person a $100.00 per month deduction from pay is taken for the first year to build up an escrow account of $1,200.00, and in the case of a Selected Reservist no money is deducted. The reservist may participate in the MGIB during the six year period of time he is in the reserves. The active duty members have a ten year period of time from date of discharge to use the MGIB entitlement.

This educational entitlement can be applied to institutions of higher learning; a college or university, resident schools other than college, on-the-job training and, in some instances, correspondence training.

Enacted in 1985, the MGIB is now nine years old. During this period of time around 1,869,000 veterans contributed money for this entitlement. However, to date only 1,460,000 or 78 percent have actually participated in any facet of the program. There are several reasons to account for this fact. The obvious one is that a veteran has a ten year option to start this program. Another reason for this low participation rate may be attributed to a change in plans or life-style during the period of time from when a recruit initially enrolls in this participatory education program and some three or more years later when the veteran leaves the service after completing an initial enlistment.

Based on the brief discussion cited above, there are almost 410,000 persons who contributed a total of $5 million into a non-refundable program. This is a disturbing fact when we recall that the monthly contributions were taken from military pay checks which are certainly not very large for enlisted persons serving their first year on active duty. Therefore, the VFW suggests a change to this legislation that will provide refunds for cause or disability. Attached to this statement is a copy of our recently passed Resolution No. 644 addressing this unique issue.

The best estimate for MGIB participation for FY 1994 is about 283,000 total active duty members and 106,600 reservists.

Chapter 32 is the Post-Vietnam Era Educational Assistance Program. It has been replaced by the previously discussed MGIB. The actual effective dates to participate in chapter 32 is January 1977 to June 1985. A veteran has ten years from date of discharge to participate. During FY 1993 some 35,120 were in the program and some 27,500 are expected to be enrolled during FY 1994. On a straight line projection, by 1999 there should be 8,000 or fewer veterans participating.

Chapter 35 is the Survivors' And Dependents' Education Assistance program. This allows children or spouses of veterans who died on active duty or were disabled by service-connected injuries or diseases to participate in this entitlement. A child is eligible to participate up to age 26 and a surviving spouse has a ten year period of time from the date of first becoming eligible.

Over the past several years this program has averaged about 40,000 participating members. It is interesting to note that more than 90 percent of those enrolled in chapter 35 are attending colleges or universities with a few engaged in on-the-job training programs.

Chapter 36, entitled Administration of Educational Benefits deals exclusively with approval authority, procedures, limitations, and counseling of all previously discussed entitlements. The VFW will take this opportunity to comment on the timeliness of educational claims. Generally speaking, the process is slow but certainly not as long as the length of time it presently takes to process an average compensation or pension case. We believe the processing time is now close to six months.

The VA did initiate the concept of processing educational claims through one of four Regional Processing Offices (RPO). They are located in Muskogee, Oklanoma; St. Louis, Missouri; Atlanta, Georgia; and Buffalo, New York. However, the VFW believes there is now enough of a demonstrated need to add at least two new RPOs. We suggest one RPO in California and one in the mid-Atlantic region.

This concludes our formal statement, Mr. Chairman. I shall be happy to respond to any questions you or other members of the subcommittee may have. Thank you.

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In Service to America

STATEMENT OF

VIETNAM VETERANS OF AMERICA

Presented by

Paul S. Egan
Executive Director

Before the
House Veterans Affairs Committee
Subcommittee on Education, Training and Employment

on

Veterans Education Assistance Programs

March 10, 1994

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INTRODUCTION

Mr. Chairman and members of the Subcommittee on Education, Training and Employment, Vietnam Veterans of America (VVA) appreciates the opportunity to present its views on veterans education assistance programs administered by the Department of Veterans Affairs (VA). We have been invited to review the implementation and effectiveness of the veterans education assistance programs, with emphasis on the Montgomery GI Bill (MGIB), and, in particular, to provide the experience of our membership with the timeliness and efficiency of delivery of benefits under MGIB and to rate MGIB as a readjustment benefit.

The former we cannot really do. Vietnam Veterans of America is, by its construction, a single-generation veterans service organization, and our members were already too old to be recruited under MGIB when it was adopted into law. What is more, we find that relatively few of our own sons and daughters have followed our muddy footsteps into the armed forces. This was not at all for reasons of patriotism, but because the opportunities and challenges we were able to provide them set their feet on other courses. What experience we have as an organization with the timeliness and efficiency of delivery of benefits under MGIB is, we think, too anecdotal to be of much use to the Subcommittee, and we will not attempt to generalize from it.

MGIB as a Readjustment Program

We believe we can, however, apply our prodigious experience in evaluating readjustment programs to MGIB as a benefit that was designed to offer today's enlistees something more than was given to us. We can do this not in bitterness, but in the spirit of VVA's credo: *"Never again shall one generation of veterans* *abandon another.*" We want every program aimed at veterans' readjustment to work.

VVA has always maintained that the payoff of the Montgomery GI Bill, some 45-55 per cent of the average cost of a *public* higher education, is far too low to make it an effective readjustment tool. That is because it was designed for a different purpose, to be a recruitment or retention device. For a kid without a prayer of paying for college, it sounds very helpful; for a sergeant thinking about building up his or her resume while continuing to serve, it offers options that would otherwise not be there. What it does *not* do is provide enough money to go to college after serving in the military.

This fact put a number of veterans service organizations in an awkward position last year. When the national service proposal came before Congress, several VSOs found themselves opposing it because it offered young people as great a reward for clearing brush as for fighting brushfire wars, and they rightly saw that as a failure to honor the difference between public service and military service. The proper solution, however, was to have raised the rewards in MGIB rather than lowering the benefits of national service to a point that undercut that idea. The unfortunate outcome last year sends a message to our youth that no form of service to the nation -- neither defense of the nation nor education, public safety, human needs or environmental work -- is worth the effort, and we think that is a mistake.

Veterans Readjustment and Workforce Development

Throughout the nation's history the individuals serving in the armed forces have constituted the front lines of American foreign policy. Not since the end of World War II, however, have military veterans been allowed to serve on the cutting edge of the American economy. The GI Bill for World War II veterans was designed as a readjustment program to assist in the transition from military to civilian life.

Too little appreciated since that period, however, is the fact that the World War II GI Bill was also designed to prepare a generation to propel the industrial juggernaut the American economy became from the 1950s to the 1970s as a direct result of the GI Bill. The development of a growing and educated middle class in this nation during the post World War II period is a social and economic phenomenon that has gone unparalleled since. No other federal program either before or after the World War II GI Bill has done as much for this country's economy or its international competitiveness.

Today the middle class created by the World War II GI Bill is retiring and the workforce of today is unprepared for tomorrow's industries. Our public elementary and secondary schools are churning out graduates or drop-outs that may have been suitable for a heavy industrial and manufacturing economy, but the sea change collapse of these industries have made the product of our public education scarcely employable. Unless the nation is prepared to rebuild basic industry in the United States, it must adopt bold policies to prepare the workforce of the future.

We are paying now for lack of vision a quarter of a century ago. If the investment this country made in developing its World War II veterans made the economic advances of the mid-century possible, our failure to invest in the next generation of veterans put them at the forefront of an economy going sour. Their potential left unexplored, they turned to what they knew: heavy industry and defense-related work, an investment in dying technologies. Today veterans lead a downward trend, not an upward one, and they wonder where their lives are going.

President Clinton has made much of his desire to "invest in America's future". He has also spoken of national service programs in which individuals serve the nation in exchange for college loans. A recreated World War II styled GI Bill for those 500,000 or more individuals being released from the military would dovetail naturally with the President's pledges.

As we have noted, the Montgomery GI Bill currently pays approximately 45-55 percent of the average cost of a public higher education. The Vietnam era GI Bill paid approximately 96 percent of the average cost of a public higher education. If our generation came home to veterans education on the cheap, it was nonetheless nearly double what MGIB provides. The principal flaw making each of these programs unsuitable to current economic needs is their design. Both were created as recruitment and retention tools; neither, as readjustment or workforce redevelopment tools. Both programs offered -- and MGIB continues to offer -- a fixed benefit level rather than a flexible benefit level as was the case with the World War II GI Bill.

No program of education and training can be expected to accomplish its goals if benefit level inflexibility leaves the actual educating and training unaffordable to too many beneficiaries. It remains unclear how much a World War II style GI Bill would cost compared to the benefits such a program would yield in the near and distant future. One thing seems certain: if we fail to prepare our workforce for the future, the nation's ability to compete or to yield middle class paying jobs will continue to deteriorate.

A Proposal for a Tough Budget Year

What VVA would like to propose -- even in a tough budget year, because there is no better time to use taxpayer dollars wisely -- is a program designed to pay the actual cost of public higher education and/or publicly supported state

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vocational training programs for ex-service members attending school or engaged in programs within their home states of record. Some state schools charge more than others. Necessarily, some beneficiaries would receive a higher benefit level than others depending on the actual cost of the education or training. For college, we propose benefits availability for up to 128 credit hours (or equivalent) at any accredited public institution of higher learning in any U.S. jurisdiction.

Obviously, cost controls must be incorporated in order to prevent federal benefit-fueled inflation in state school tuition costs. One of the primary reasons for education cost inflation in state schools today is the general condition of state economies. Another is the fact of fiscally overburdened state governments. This program offers paying students to the states in large enough numbers to justify federally imposed controls on higher-education cost increases. Annual increases in costs for veterans attending state schools are proposed to be capped at the overall local inflation rate less 2 percent. The volume of federal dollars invested in these states and their public schools as a result of this program should make these caps acceptable to both states and these institutions. Simply put, if states want the revenue generated by large infusions of new students, they should be prepared to accept cost limits.

Eligibles would consist of all those having served on active duty for 90 days or more and who also served in any zone of hostile fire since May 7, 1975. This benefit should also be made available to all military personnel discharged after a minimum of two years service as a result of the current and prospective military downsizing or for the convenience of the services irrespective of participation in a hostile fire zone of operations.

Special provisions addressing Reserve and Guard components should be developed that may be restrictive of eligibility but unrestrictive of benefit level. In order to ease the administrative burden on the federal government, all benefits should be paid directly to accredited participating state schools upon school registration with certification of successful completion of coursework or training following each semester interval.

We recommend that the Offices of Legislative Counsel work up a draft bill and transmit it to the Congressional Budget Office (CBO) for an estimate. In the meantime a letter to GAO and/or CRS for guidance and suggested additional criteria should be sent as soon as possible containing a date of response. Once these steps have been completed and responses received, hearings should be held. If cost is still considered too high, perhaps a state matching grant program formula could be devised. Yet another possibility would be to count the period of military service rendered prior to discharge in a downsizing as national service rendered in a Clinton National Service initiative.

For some, this proposal may fail the cost "laugh test." On the other hand, this nation's deteriorating economic performance is no joke either, however much it amuses our international economic competitors. Bargain basement readjustment programs are as bad an investment as cheap tires. America's veterans are its toughest, brightest, most dedicated citizens. Readjustment is not simply a matter of keeping them off the streets, but of making the best use of them we can. We are not doing that now.

Mr. Chairman, this concludes our testimony.

NCOA

Non Commissioned Officers Association of the United States of America

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STATEMENT OF

LARRY D. RHEA

DEPUTY DIRECTOR OF LEGISLATIVE AFFAIRS

BEFORE THE

SUBCOMMITTEE ON EDUCATION, TRAINING AND EMPLOYMENT

COMMITTEE OF VETERANS AFFAIRS

U.S. HOUSE OF REPRESENTATIVES

ON

VETERANS' EDUCATION ASSISTANCE PROGRAMS

MARCH 10, 1994

Chartered by the United States Congress

The Non Commissioned Officers Association of the USA (NCOA) is pleased by your invitation to appear and present the Association's views on the Veterans' Education Assistance Programs administered by the Department of Veterans Affairs (DVA). The comments and recommendations that are discussed herein represent the views held by the Association's 160,000 members.

As you are aware, Mr. Chairman, NCOA is comprised of those military members who continue to serve in the active, National Guard, and Reserve components, retirees and veterans who have honorably fulfilled their military service obligation. In addition to the intense pride the Association holds for being a Congressionally Chartered organization, NCOA is equally proud that our membership is unified in commitment to all military members, present and past, as represented in the above "Total Force" description of our membership. NCOA's testimony is therefore conditioned by the Association's concern for the in-service veteran, guardsmen and reservists, in addition to the post-service veteran.

INTRINSIC VALUE

The value of Veterans Education Assistance Programs has been abundantly demonstrated since following World War II when the first such program was enacted. The worth of the original program and in the subsequent programs that have followed is clear. Originally designed to assist veterans in transitioning from military to civilian life, literally tens of thousands of veterans have been and continue to be productive members of the Nation's workforce as a direct result of these programs.

More recently, the traditional design and purpose of veterans educational assistance was expanded to not only fulfill the original intent but to also serve as a recruiting incentive for the active, national guard and reserve components. In this regard, the value of educational assistance as a recruiting/retention incentive to an individual desiring an education is plainly evident. In all cases, the Nation, the military services and the individual veteran benefit greatly.

Certainly, many statistics, studies and data could be supplied to objectively illustrate the value of educational assistance. Those facts and data, however, are well-known to the Subcommittee. It is equally clear, in the opinion of NCOA, that the value of education assistance must be maintained.

As you are aware Mr. Chairman, NCOA expressed many concerns during the debate preceeding enactment of the National and Community Service Act of 1993. NCOA was concerned at that time, and frankly the Association remains concerned today, that the value of veterans educational assistance programs not be further eroded. Although compromises had to be made last year, thanks to your stellar efforts Mr. Chairman, a modicum of value of the Montgomery G.I. Bill was at least maintained in comparison to the benefits of national and community service.

It is not the Association's intent to rehash last years debate. It is our intent though to point out to the Subcommittee that the signs of recruiting difficulties in our all-volunteer force are starting to appear. NCOA urges the Subcommittee to be vigilant in protecting the value of veteran educational assistance programs as those programs are applied to recruiting and retention goals and transition objectives.

PROGRAM IMPROVEMENTS

Considering that nearly two years have elapsed since a hearing on education assistance programs has been held, the Association considers it in order to acknowledge and express appreciation for some of the notable improvements that have been made, particularly those relating to the MGIB. Among these improvements are the:

> Increase to $400 monthly on April 1, 1993, for 38 USC 30 recipients

> Increase in benefit to $190 for 10 USC 106 (Selected Reserve) recipients on April 1, 1993

> Automatic indexing of future benefits to increases in the Consumer Price Index (CPI) beginning March 1994 (delayed to 1995 by budget reconcilliation and limited to 1/2 CPI)

> Refunding of enrollment fees to the survivor of a servicemember who dies on active duty

> Extension of enrollment fees refund to survivors of veterans who die of service connected cause within one year of separation

> Expansion of 10 USC 106 to include post-graduate studies and vocation-technical

training

Many of the above improvements had been objectives of the Association for many years. Along with these improvements, NCOA sincerely appreciates the action by Congress to provide access to MGIB for both regular and reserve component servicemembers who are leaving the service to meet manpower reduction goals. During the turbulent transition period, the continuation of benefits is definitely a good thing.

It is NCOA's observation that substantial progress has been made to ensure timely and efficient delivery of educational assistance benefits. Our impression is that complaints are down and that the Department of Defense and the military services have been and are working hard to further refine a complicated system.

REMAINING INADEQUACIES AND INEQUITIES

Notwithstanding the improvements cited above, several inadequacies and inequities exist in veterans education programs that remain of concern to the Association's members.

Most notable is the absence of an enrollment opportunity for the men and women who enlisted between January 1, 1977, and June 30, 1985, and who have remained on active duty. Approximately 70,000 noncommissioned and petty officers who remain in active military service today have no real educational benefit and, tragedically, no way to get one. These are the men and women who are veterans of Operations Desert Shield/Storm, Panama, and Grenada. Some were wounded and many are decorated for their service. ALL have been forgotten in education benefits.

This exclusion, Mr. Chairman, is particularly inequitable for those who remain in service during current force reductions. Many are being forced to chose between continued military service or the opportunity to enroll in the MGIB by accepting a force reduction discharge. Those who choose continued service to their country should not be penalized.

> NCOA urges Congress to open enrollment in the MGIB to all personnel who initially enlisted between January 1, 1977, and June 30, 1985, and remain on active duty.

Another group adversely affected by enrollment restrictions in the MGIB are those who simply cannot afford to participate upon initial enlistment. Currently, participation in the MGIB requires a five percent pay forfeiture during the first year of military service. Unquestionably, many young military members with families to support forego MGIB enrollment in order to meet other financial obligations. For that reason, NCOA has steadfastly opposed increased user fees to gain the benefit of the program.

Mr. Chairman, NCOA again expresses concern about the relative value of today's program in comparison with programs of previous eras. The benefit today is considerably less than the comparative benefit of the programs that preceeded MGIB. As indicated earlier and as previously stated on many occasions, NCOA is grateful for the periodic adjustments that have been made to the MGIB benefit. Certainly, indexing the benefit helps protect against future erosion. Indexing does little though to extend comparative equity with the benefit of programs for earlier eras. When indexing is held to one half the intended increase, the value of MGIB and the comparative equity with prior programs is further eroded.

> Therefore, NCOA urges the Congress to review the current level of benefit and requests benefit adjustment to a level comparative with earlier programs.

Additionally, NCOA requests that the Subcommittee correct the inequity surrounding the refund of pay forfeiture made by a disabled veteran who becomes eligible for Vocational Rehabilitation Benefits. Failure to refund the pay forfeiture of a disabled veteran is tantamount to requiring those individuals to pay for their rehabilitation training.

OTHER CONCERNS

Although the primary emphasis of this oversight hearing is to review the timely and efficient delivery of benefits on veterans' education assistance programs (chapters 30, 32, 35 and 36, title 38, UCS and chapter 106, title 106 USC), the Association is compelled to voice our concern regarding two veterans programs administered by the Department of Labor (DOL).

JOB TRAINING PARTNERSHIP ACT (JTPA)

As you are aware Mr. Chairman, JTPA was enacted to help prepare economically disadvantaged and long-term unemployed individuals to become productive members of the workforce by providing classroom and on-the-job training. Since the beginning of the program in 1982, recently separated veterans automatically met JTPA "low-income" eligibility guidelines because their military income could not be counted as family income (Title 38 USC, Chapter 42). Specifically, in Section 4213, Congress provided that amounts received from military pay and allowances and amounts received under Chapters 11, 13, 31, 34, 35 and 36 shall be disregarded in determining eligibility qualifications for JTPA.

Under guidelines issued by DOL on July 1, 1993, the Employment and Training Administration (ETA) now says that pay or allowances which were received for active duty service, educational assistance and other veteran compensation shall be included as family income. Not only are the revised DOL ETA guidelines completely opposite to Section 4213, they are in direct conflict with Congressional intentions and deny job training to the very veteran that Section 4213 was designed to assist.

Many of the veterans who have been denied eligibility through JTPA since July 1, 1993, are not eligible for unemployment compensation because they did not finish their initial enlistment. Many also did not elect participation in the MGIB. Some planned on a military career at time of entry and didn't think they would ever need the MGIB. Others did not elect to participate because they had dependents and simply couldn't afford to have $100 deducted from their pay each month for twelve months.

The veterans faced with the dilemma imposed since July 1, 1993, have to wait four or five months in order to meet the low-income JTPA guidelines for retraining. Throughout the wait, these veterans are ineligible for unemployment compensation. As active force reductions continue, the number of veterans that will confront this situation immediately following their separation will only increase. These are the explicit things that the Congress has been trying to avoid.

VETERANS EMPLOYMENT AND TRAINING SERVICE (VETS)

Mr. Chairman, NCOA is seriously concerned that the National Performance Review (NPR) recommendation to consolidate VETS into the ETA is a gigantic step backwards and will do absolutely nothing to improve service to veterans. As you are aware Mr. Chairman, for many years VETS was a part of ETA. Because it did not then work in the best interest of veterans, Congress moved in 1980 to establish VETS as we know it today. There is no reason to believe that retreating to a previously tried and failed system will somehow make it work for veterans in the future. Rather than being hailed as a reinvention of government, the recommendation should be more appropriately termed as a "regression of government for veterans."

A second issue of major concern to NCOA pertains to the levels of funding provided in the FY95 DOL VETS budget for Disabled Veterans Outreach Program (DVOP) specialists and Local Veterans Employment Representatives (LVER).

38 USC 4103A and 4104 mandate that DOL make available sufficient money to support a minimum number of DVOP and LVER's. In applying the formula, stipulated by law, the DVOP and LVER programs would be staffed at a level of 1,968 and 1,600, respectively. TThe FY95 budget calls for 1,701 DVOP specialists and 1,466 LVER's. DVOP specialists in the FY95 budget are 267 below the mandated level. LVER's are 134 positions below the mandated level. At a time when the demand for veteran's employment services is increasing and the downsizing of military forces is continuing, NCOA is concered the the budget has placed itself 'above the law' by ignoring a statutorily mandated requirement and in the process has attempted to usurp the authority of the Veterans Affairs Committees of the House and Senate.

CONCLUSION

In conclusion, Mr. Chairman, NCOA believes that the single, most important change to MGIB that could be enacted this year is to open enrollment to all personnel who initially enlisted between January 1, 1977, and June 30, 1985, and remain on active duty.

Thank you.

DAV

Motto: "If I cannot speak good of my comrade, I will not speak ill of him."

DISABLED AMERICAN VETERANS

NATIONAL SERVICE and LEGISLATIVE HEADQUARTERS
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March 7, 1994

Honorable G.V. (Sonny) Montgomery
Chairman
Subcommittee on Education, Training
and Employment
Committee on Veterans Affairs
U.S. House of Representatives
335 Cannon House Office Building
Washington, DC 20515-6335

Dear Chairman Montgomery:

Thank you for your recent invitation to appear before the Subcommittee on Education, Training and Employment to discuss veterans' education assistance programs. Rather than appear, we would like to submit the following comments for your consideration.

At the present time, the Disabled American Veterans has no overriding concerns on Chapters 30, 32 and 36 of Title 38, U.S. Code. We do, however, have two resolutions adopted at our most recently concluded National Convention convened in San Francisco, California, August 15-19, 1993.

Attached is Resolution No. 103 which calls for the elimination of the delimiting date for eligible spouses and surviving spouses for benefits provided under Chapter 35, Title 38, U.S. Code.

Also attached is Resolution No. 104 which would provide for educational benefits to be paid to dependents of service-connected disabled veterans rated 80 percent or more disabled. As you know Mr. Chairman, current law provides dependents educational benefits only for those whose service-connected disability rating is 100 percent.

We urge your serious consideration of these issues as they affect the dependents of our nation's more severely disabled or deceased veterans.

Sincerely,

Ronald W Drach

RONALD W. DRACH
National Employment Director

RWD:mb
Attachments

RESOLUTION NO. 103
LEGISLATIVE

ELIMINATE THE DELIMITING DATE FOR ELIGIBLE SPOUSES AND SURVIVING SPOUSES FOR BENEFITS PROVIDED UNDER CHAPTER 35, TITLE 38, USC

WHEREAS, dependents and survivors eligible for VA education benefits under Chapter 35, Title 38, USC, have ten years in which to apply for and complete a program of education; and

WHEREAS, this ten year period begins either from the date a veteran is evaluated by the VA as permanently and totally disabled from service-connected disabilities or ten years from the date of such veteran's death due to service-connected disability; and

WHEREAS, in many instances, because of family obligations or the need to provide care to the veteran, spouses or surviving spouses may not have had an opportunity to apply for these benefits; NOW

THEREFORE, BE IT RESOLVED that the Disabled American Veterans in National Convention assembled in San Francisco, California, August 15-19, 1993, seeks the enactment of legislation which would eliminate the delimiting date for spouses and surviving spouses for purposes of benefits provided under Chapter 35, Title 38, USC.

* * *

RESOLUTION NO. 104
LEGISLATIVE

EDUCATIONAL BENEFITS FOR DEPENDENTS OF SERVICE-CONNECTED VETERANS RATED 80 PERCENT OR MORE DISABLED

WHEREAS, Chapter 35, Title 38, USC, extends educational assistance to the dependents of service-connected veterans who are evaluated as permanently and totally disabled; and

WHEREAS, there are many service-connected veterans rated 80 percent and 90 percent disabled, whose dependents cannot afford to attend an institution of higher learning or pursue a vocational endeavor because of the reduced earning ability of such veterans; NOW

THEREFORE, BE IT RESOLVED that the Disabled American Veterans in National Convention assembled in San Francisco, California, August 15-19, 1993, seeks the enactment of legislation which would extend educational assistance under Chapter 35, Title 38, USC, to the dependents of veterans who have a service-connected disability rating of 80 percent or more.

* * *

WRITTEN COMMITTEE QUESTIONS AND THEIR RESPONSES

CHAIRMAN MONTGOMERY TO DEPARTMENT OF VETERANS AFFAIRS

QUESTIONS SUBMITTED BY
HONORABLE G.V. (SONNY) MONTGOMERY, CHAIRMAN
SUBCOMMITTEE ON EDUCATION, TRAINING AND EMPLOYMENT
COMMITTEE ON VETERANS' AFFAIRS

VETERANS EDUCATION ASSISTANCE PROGRAMS

MARCH 10, 1994

QUESTION 1: In the VA's fiscal year 1995 budget, the Department estimates that the Montgomery GI Bill (MGIB) will experience a 15% increase in the number of claims filed. If the President's recommended FTEE cuts are implemented in fiscal year 1995, will VA staffing levels be adequate to handle the projected increase in workload within established time standards? If not, how many additional FTEE would be needed in the regional processing centers? What will be the effect on the timeliness and quality of processing of monthly certifications? Currently, what is the average length of time for processing initial education claims? supplemental claims?

ANSWER: We are committed to processing the Montgomery GI Bill claims on a timely basis and hope to accomplish this with the proposed FY 1995 staffing. We are confident this could be accomplished with the FTEE currently devoted to education processing. Since the inception of monthly self certification, the four chapter 30 processing sites have been committed to same-day processing. They have accomplished this by devoting as many staff to the project at the beginning of each month as necessary. We anticipate no degradation to this service. The average number of days for processing education claims is as follows: 23.4 days in Chapter 30 and 30.3 days in non-Chapter 30 for original claims and 11.6 days in Chapter 30 and 13.8 days in non-Chapter 30 for supplemental claims.

QUESTION 2: Does the monthly certification by chapter 30 trainees continue to effectively minimize overpayments under this program? What was the amount of chapter 30 overpayments at the end of February 1994? What was the number of overpayments?

ANSWER: Yes, monthly certification by chapter 30 trainees continues to effectively minimize overpayments. Based on the most current data available, our records show that the amount of chapter 30 overpayments at the end of December 1993 was $11,755,717.81. The number of overpayments as of that date was 27,494.

QUESTION 3: In the past, the chapter 106 program experienced an overpayment problem. Are overpayments still a problem today? Is consideration being given to requiring monthly certification under this program? What problems would be associated with chapter 106 monthly certification?

ANSWER: We are not aware of any current general overpayment problems specific to chapter 106. The payment system is unlike other payment systems and there are more manual procedures involved in claims processing. Historically there have been problems when the date a reservist leaves the Selected Reserve is omitted from the notification of separation to VA from DOD, causing overpayments to be created in the reservist's account. This problem has been mitigated by improved DOD reporting and by extending the time limit VA allows for verification of separation before an overpayment is created. Regulations requiring monthly certification in the chapter 106 program have been prepared; however, they cannot be finalized until the modernization of the benefits delivery system. We cannot see any major problems that would be associated with chapter 106 monthly certification.

QUESTION 4: A few years ago VA tested a process, referred to as the "Student Automated Verification of Enrollment" (SAVE), which would enable chapter 30 trainees to certify school attendance over the telephone. What were the results of that test? Was it determined that this would be a cost-effective procedure? If so, why hasn't SAVE been implemented nationwide?

Will the ADP equipment currently being used by the regional processing offices (RPOs) to scan and transmit monthly certifications be adequate in fiscal year 1995? It seems to me this process would save FTEE and improve quality and timeliness of service to veterans. Why hasn't it been funded out of your RPOs modernization budget? Please provide the Subcommittee with any available data regarding this test including costs of implementation, costs of the current monthly certification system, and five-year savings which would be realized if SAVE were implemented.

ANSWER: The SAVE test demonstrated that Interactive Voice Response technology is highly sophisticated and a stable telephone technology. The lessons that were learned from developing the pilot will improve our ability to develop a production system correctly. We still believe that SAVE is a more cost effective way to collect the monthly certification information than the present paper-intensive method.

SAVE has not yet been implemented because it is only one of the several telephone applications that VBA is trying to develop as part of the Veterans Automated Assistance Telephone System (VAATS) project. VAATS has proceeded through the Request for Comments (RFC) point in the procurement process, but there are no funds available to move beyond this point at this time.

The PCs and bar-code scanners recently procured for the RPOs are expected to be adequate for the demands of FY 95. Our concern with the current processing method is that with increasing workload, it becomes increasingly difficult to handle all of the paper received within the two-day limit we have set for ourselves. Implementing a telephone technology system to replace the existing paper system will greatly relieve the burden on field station personnel. Additionally, economic savings promise great potential as well. An initial outlay of approximately 4.7 million dollars would be required during the first year to complete hardware acquisitions. Net savings over the subsequent 3 year period would approach 22 million. This is primarily in the area of reduced personnel costs and eliminated paper and related postal costs.

QUESTION 5: Too often we hear from service members who have left the military without adequate counseling regarding the MGIB minimum-time-in-service requirements. As a result, these individuals have lost their GI Bill eligibility. While responsibility lies with the military departments to provide pre-separation counseling, we would appreciate your insights regarding these complaints because, in expressing their grievances, these veterans usually fault the VA for denial of education benefits.

ANSWER: This has been of concern to us and we continually work with DOD and various elements within the military services to assure that the most current and accurate information is provided to counselors responsible for advising service members with information about their education. We routinely participate in training sessions throughout the country conducted by the military services as part of their ongoing training for military counseling personnel. For example, on April 4, 1994, a member of VBA's Education Staff participated in a video conference seminar conducted by the Army Materiel Command (AMC), which included counselors from around the country assigned to AMC. During the past two years, numerous VA staff members have been assigned at or near Department of Defense installations in Europe to assist service members. They have conducted seminars, aided individuals seeking VA benefits, and distributed our literature. Presently, we have six employees stationed in various locations in Europe.

The Defense Activity for Non-traditional Educational Support (DANTES) and our Education Service have cooperated for several years in providing the most current information available to counselors through the DANTES distribution system. We routinely prepare articles for publication by DANTES concerning our education programs.

In addition, each serviceperson receives information about benefits for which he or she may be eligible at separation. Information is also sent to his or her home of record when separation documents are processed. VA also conducts Transition Assistance Programs (TAP) on many military installations for separating servicepersons. A nationwide 800 number and information kiosks in public places also assist in providing this information.

QUESTION 6: The Committee has heard from veterans who complain about the time required to process their VA education claims and problems in receiving their checks in time to pay their tuition. Would you share with us your views as to how the processing of education claims and the delivery of checks can be expedited?

ANSWER: The student has an opportunity to request an advance payment. The first check would represent between one and two months worth of benefits (depending on the school's beginning date) and be mailed to the school up to 30 days before the term starts. Because payment is not usually made until the veteran has verified his or her enrollment each month, VA provides a window of opportunity before a term begins for a school to submit enrollment information. By receiving this information up to 120 days early, the regional processing offices can ensure that claims are processed in time to release the first certification in a timely manner. By submitting early, schools assist us in avoiding severe backlogs during peak periods. In fact, we encourage schools to submit enrollments for MGIB students up to 120 days before the beginning of the term. By using VACERT, a program which allows schools to electronically send enrollment information, we can eliminate mail time and lost documents. We are continuing to analyze our procedures to see if improvements can be made.

QUESTION 7: A VA evaluation of the flight training test program was due to us on January 31st. When will we receive that evaluation? Does the VA generally favor making this a permanent program?

ANSWER: The report was issued May 20, 1994. VA recommends legislation to remove the scheduled termination date.

QUESTION 8: Please provide the Subcommittee with the average annual education cost per student in public and private two-year and four-year institutions for academic years 1985-86 through 1993-94. Additionally, please provide estimated costs for academic years 1994-95 through 1999-2000. In view of these ever-increasing costs, is the current basic benefit level paid under chapter 30 adequate as a readjustment benefit? How does the current program compare with the World War II GI Bill and the Vietnam Era GI Bill in terms of covering average costs of education?

ANSWER: The average annual education cost per student from academic year 1985-86 was as follows: 1985-86, $5,314; 1986-87, $5,604; 1987-88, $5,789; 1988-89, $5,823; 1989-90, $6,671; 1990-91, $6,991. We have no data for later years, but note that for the 1992-93 academic year, data from The College Board show total resident costs for 2-year and 4-year public colleges increased 10 percent over the previous academic year. This upward trend is expected to continue, increasing in the range of 7 to 12 percent from academic years 1994-95 through 1999-2000. The World War II GI Bill covered tuition and fees and paid a monthly subsistence allowance. Based on a study done by the Congressional Research Service in 1991, we do know that the Vietnam Era GI Bill covered a greater percent of college costs, compared with the chapter 30 program. For example, in 1986-87, chapter 34 covered 60 percent of costs, compared with 48 percent of costs in chapter 30. In 1988-89, chapter 34 covered 58 percent of costs, while chapter 30 covered 46 percent. In 1990-91, chapter 30 covered 39 percent of college costs. We do not have any studies that address the adequacy of the current GI Bill. However, it is our view that the GI Bill benefit payments over a 4-year period do not cover costs in many cases. For example, annual tuition at a moderately priced college may be in the $5 to $7 thousand range. The average veteran receives $14,400 for a full entitlement, substantially less than the amount needed to cover costs. However, it was never the intent of the Montgomery GI Bill, or any of its predecessor bills, to cover all of the veteran's educational costs.

QUESTION 9: On February 15, 1994, Secretary Brown testified before the Senate Appropriations Committee on the Balanced Budget Amendment (S.J. Res. 41). In his testimony the Secretary stated that, if the balanced budget amendment were to be enacted, the average annual chapter 30 benefit would be reduced $287. He went on to say that reducing these benefits while college education costs are rising would be a major default on our obligations to these veterans. I simply want to note that I was very pleased to read the Secretary's remarks, particularly in view of the Administration's budget for fiscal year 1994 which included a recommendation to increase the basic reduction required under chapter 30 to $1,600. assume from the Secretary's more recent comments that there will be no future recommendations to reduce veterans' education benefits.

ANSWER: At this time, there are no recommendations to reduce veterans' education benefits.

QUESTION 10: How many schools are participating in the personal computer program which allows schools to electronically send enrollment certifications? This sounds like an excellent and innovative program which would enhance the quality and timeliness of service to veterans.

ANSWER: As I stated in my testimony, at present, the program is being offered to schools by the four chapter 30 regional processing offices and more than half of the regional offices. The program is available for Institution of Higher Learning and Non-College Degree trainees. We now have some 300 plus schools participating in this program. The program is one that is growing and schools continue to come on line monthly. VACERT provides an efficient method for schools to certify enrollments and avoid delays in mailing enrollment documents.

QUESTION 11: We are all concerned that GI Bill participants use their benefits when they leave the military. What efforts are you making to encourage individuals to use their GI Bill?

ANSWER: We participate in and support the Transition Assistance Program (TAP) and outreach at major transition sites. Along with employment information, this program, which is offered at a number of military installations, provides information on a wide range of topics, including education benefits. In conjunction with DOD, we have Veterans Benefits Counselors (VBCs) on extended duty in Europe and will soon be adding the Far East. In addition, there is a special information mailing which is sent to the separating service member's home of record when his or her separation documents are processed. Finally, the initiation of a nationwide 800 number and information kiosks in public places also assist in providing benefit information.

QUESTION 12: Are all regional offices permitting the 120-day grace period under the Chapter 106 program?

ANSWER: To the best of our knowledge, all regional offices are following instructions to permit a 120-day grace period.

QUESTION 13: Do you have any legislative recommendations as to how the GI Bill could be improved?

ANSWER: We have no recommendations at this time, however, this area was among those reviewed during our recent internal budget process.

Questions-DASD (Military Personnel Policy)
Lt. General Robert M. Alexander
March 10, 1994

__Question 1__. I'm familiar with the mental categories I through IV. How would these categories translate to reading levels? For example, what would be the average reading level of an individual who is in mental category IIIB?

__Answer:__ The various categories and their respective reading grade levels are shown below:

Category	Percentile	Reading Grade Level
I	93-99	College Level
II	65-92	12
IIIA	50-64	11
IIIB	31-49	9
IV	10-30	7
V	1-9	-

__Question 2__. How does recruitment during the first quarter of FY 1994 compare with the first quarter of fiscal years 1990-1993?

__Answer__: Below is a table that shows recruit quality trends, using the common measures of recruit quality. Compared to previous first quarters, FY 1994's recruit quality is excellent.

Recruit Quality (RQ) During FY, Quarter 1
(Percent of Non-Prior Service Accessions)

RQ Index	FY 1994	FY 1993	FY 1992	FY 1991	FY 1990
HSDG*	95	96	99	97	91
AFQT I-IIIA	70	70	77	70	67
"High Quality"**	66	65	76	67	62
AFQT IV	1	2	0^	1	4
GEDs	3.5	3.8	0.5	2.8	4.1

* High School Diploma Graduate.
** Recruit who is both a HSDG and scores in upper half of enlistment test (AFQT Categories I-IIIA)
^ Less than 0.5 percent.

__Question 3__. What will be the effect on attrition and indiscipline if we accept a level of 90-percent high school diploma graduates and 60-percent above average in aptitude? These standards don't sound great to me.

__Answer:__ High school diploma graduates, on the whole, are more likely to fulfill their enlistment obligation. On average, 80 percent of high school diploma graduates, 60 percent of GED and other credential holders, and 50 percent with less than a high school diploma complete their enlistments (based on 36-month attrition data for non-prior service accessions). However, once the percentage of new enlistees with high school diplomas within a recruit cohort reaches a certain level, 36-month attrition remains relatively stable. For example, there is little difference in attrition between 90 percent, 95 percent, and 99 percent HSDGs. In some cases, attrition rates are actually higher for higher proportion HSDG recruit cohorts.

High School Diploma Graduates and 36-Month Attrition Rates

		FY81	FY83	FY85	FY86	FY88	FY90
ARMY	%HSDG	80	88	91	91	93	93
	%Attrition	33	31	29	29	29	32
NAVY	%HSDG	76	91	89	85	91	92
	%Attrition	27	24	29	33	31	31

USMC	%HSDG	80	92	97	98	95	95
	%Attrition	34	30	32	34	28	33
USAF	%HSDG	88	98	99	99	99	99
	%Attrition	26	20	22	22	20	25
DoD	%HSDG	81	91	93	92	93	93
	%Attrition	30	27	28	29	29	31

As the proportion of high school graduates and individuals with above average aptitude levels (Categories I-IIIA) increased during the 1980s, indiscipline rates declined. However, with the available data, it is not possible to separate the effects of educational achievement from aptitude levels on indiscipline. Nevertheless, the data in the table below indicate that once recruit cohorts exceed 90 and 60 percent for HSDGs and AFQT Categories I-IIIA, respectively, there is little systematic change in indiscipline rates. Here, indiscipline represents the percent of the recruit cohort that entered service during the designated fiscal years that were discharged during the next 36 months.

High School Diploma Graduates and Indiscipline Discharges by Recruit Cohort

DoD	FY81	FY83	FY85	FY86	FY88	FY90
%HSDG	81	91	93	92	93	93
% I-IIIA	48	58	62	64	67	68
% Drug Abuse	2.6	2.3	2.5	2.2	1.4	1.3
% Courts Martial	.40	.24	.22	.19	.20	.12
% AWOL/Desertion	.01	.01	.01	.01	.01	.01

Question 4. Are the Services now recruiting individuals with a GED?

Answer: Yes. The Services have always enlisted a small percentage of GED recruits (termed Tier 2 Educational Level). Through the first quarter of FY 1994, 1,458 new recruits were GED holders, or less than 4 percent of new enlistees. That proportion compares favorably with previous first quarters (see last line in question #2).

Question 5. I'm pleased to see the usage rate of the GI Bill is increasing--and you mention in your statement that, at separation, individuals are briefed on the GI Bill and encouraged to use their benefits. Nonetheless, there is at least a perception that individuals are not well briefed on education benefits when they are leaving service. What directives have you given the Services regarding this matter?

Answer: In conjunction with the transition assistance program, all separating Service members are provided preseparation counseling. The majority of this counseling is face-to-face and may be supplemented by a DoD Preseparation Guide and video tape. Preseparation counseling ensures Service members understand the benefits and services available to them as they prepare for civilian life. Information about the Montgomery GI Bill is a mandatory part of this counseling. In February 1994, the Under Secretary of Defense for Personnel and Readiness issued DoD Instruction 1322.36, "Preseparation Counseling For Military Personnel," to the Services concerning preseparation counseling requirements.

Question 6. I'm interested in the information you provided regarding college costs. Are these costs for public or private schools? four-year institutions?

Answer: The source of this information is the "Digest of Education Statistics 1992," published by the U. S. Department of Education. The costs are for all 4-year institutions, both public and private.

Question 7. You noted that as college costs rise, we must pay attention to the GI Bill benefit level to ensure the program stays competitive. In this regard, are you encouraging the Services to make use of their "kicker" authority?

Answer: In April 1993, we authorized the Army to adjust their "kickers" to offer a benefit package for 2, 3 and 4-year contracts for a total of $20,000, $25,000 and $30,000, respectively. The "kicker" increased from $14,400 to $15,600 for a 4-year contract and $8,000 to $8,300 for a 2-year contract. The Marine Corps recently initiated the Marine Corps College Fund for 4-year contracts. It is anticipated that the Navy will request the increased "kicker" authority for its 4-year contracts. Since "kickers" are offered as incentives to those agreeing to service in hard-to-fill occupations, or agreeing to longer commitments, we would analyze any Service requests for increased "kickers" to ensure proposed levels are cost-effective compared to other incentives such as bonuses.

Question 8. Regarding the National Service program---

Are the Services competing for the same young people as those expected to participate in National Service?

Answer: Not exactly. Excluded from the military eligible pool are youth that do not meet the military's enlistment standards for medical and other reasons. These young people would be viable candidates for National Service.

Although 100,000 to 150,000 National Service participants should not be a problem for the Armed Forces, what size National Service program would begin to cause concern?

Answer: Prior to the military drawdown, over 300,000 young men and women were accessed annually. Today, approximately 200,000 non-prior service youth are recruited each year into the active force. This trend is expected to continue. This represents nearly 8 percent of the 18-21 year olds with a high school diploma. Any large adjustment (i.e. over 150,000) to the National Service program would be a cause for concern and would lead to an immediate assessment to determine its potential impact on military readiness.

Question 9. How much money was allocated for MGIB advertising for fiscal years 1992, 1993, and 1994? How much will be allocated in 1995?

Answer: Fiscal Year 1992--$135,432
Fiscal Year 1993--$163,532
Fiscal Year 1994--$168,000 (budgeted)
Fiscal Year 1995--$175,000 (estimated)

Is advertising done primarily by television or by print media?

Answer: The MGIB advertising is primarily in print media. We have not used television for three years.

In your opinion, which method has proven to be more effective in attracting prospective recruits?

Answer: Ideally, a mix of the two would be most effective.

Recruiters tell us they aren't receiving enough pamphlets and brochures. How many were distributed to recruiters in fiscal years 1992, 1993, and 1994: How many will be distributed in fiscal year 1995?

Answer: The number of MGIB brochures distributed per Fiscal Year were:

Fiscal Year 1992--1,803,200
Fiscal Year 1993--2,552,000
Fiscal Year 1994--2,014,800
Fiscal Year-1995-Amount to be determined in October 1994 based on advertising/marketing Service requests.

Question 10. Regarding GI Bill data accuracy--

Would you tell the Subcommittee what percentage of unknowns, by Service, are now in the data bank?

Answer: By Service, unknowns in the data bank are: Army-28 percent; Navy-8 percent; Marine Corps-18 percent and Air Force-<1 percent.

What is your deadline for accomplishing the goal of 5-percent or less error rate?

Answer: We will monitor the unknown rates quarterly and then determine if the Services have made progress toward this long-term goal. If progress has not been made, we will take necessary actions to ensure the rates are going in the right direction.

Generally, what is the cause of inaccurate data in the system?

Answer: When there is no evidence of a payroll deduction for MGIB participation or there is no available physical evidence of disenrollment from the program, our system designated this individual as "unknown". Until the eligibility determination is made, the DVA cannot process a claim for MGIB benefits.

Question 11. You noted the narrative reasons for separation have been updated and standardized and that all Services are using the same definitions and codes for separation. Are all Services using the same definition for convenience-of-the-government discharges?

Answer: Yes, the definitions for various convenience-of-the-government discharges are prescribed by DoD Directive 1332.14, "Enlisted Administrative Separations". The coding for each type of convenience-of-the-government discharge is provided in a January 11, 1993 memorandum concerning "Separation Program Designator Codes". This latest memorandum is the result of an extensive review by the Department to establish uniform separation codes to provide a more standardized definition for each separation category.

Question 12. Do you have any legislative recommendations as to how the MGIB program could be improved?

Answer: We have no legislative recommendations, at this time.

Question 13. In her August 27, 1990, response to a post-hearing question, Ms. Kim McKernan, Principal Deputy Assistant Secretary of Defense for Force Management and Personnel, told the Subcommittee that enlistment contracts would be modified to include information about enrollment in the Montgomery GI Bill and any education supplement such as the Army College Fund. She added that amounts of the supplement as well as conditions that would preclude receiving the benefit would be specified. Have enlistment contracts been modified as described? If not, why not? If so, have these modifications been helpful?

Answer: Upon analysis, we determined the enlistment contract was not the best place to specify these options. Instead, we now include this information on the DD Form 1966, "Record of Military Processing-Armed Forces of the United States," Section 31, titled "Specific Option Program Enlisted for Military Skill, or Assignment to a Geographical Area Guarantees". In addition, we also revised the DD Form 2366, "Montgomery GI Bill Act of 1984 (MGIB)", which includes in Item 3, "Service Unique Education Assistance Options". This states "If applicable, enter the specific Army College Fund, Navy College Fund, Marine Corps College Fund (MCCF), or Loan Repayment Enlistment Option: include pertinent term of service, reserve obligation, and military skill information; reference other relevant enlistment contract appendices. Ensure that Service member understands prerequisite requirements and benefits." Since a Service member is furnished a copy of the DD Form 2366 upon entrance to active duty and upon separation, we believe individuals should be fully aware of their MGIB benefits.

QUESTIONS SUBMITTED TO DEPARTMENT OF VETERANS AFFAIRS

CONGRESSMAN LANE EVANS

Contingency Fund

Question: 1. A contingency fund of $500 million is available to VA and four other agencies for 1994 supplementals.

How much does VA expect to receive from this contingency fund and how will VA use the funding it receives?

Describe the planned distribution of this $500 million (equal share basis, a first-come first-serve basis or in some other way?)

Answer: The President, in a letter dated March 18, 1994, proposed transferring $47.5 million of the $550 million appropriated under the Unanticipated Needs Account in the Emergency Supplemental Appropriations Act of 1994 (Public Law 103-211) to VA. If necessary legislative approval is enacted, the funding, along with some of the resources already provided VA in the supplemental, will be used for the construction and activation of a state-of-the-art ambulatory care center to replace the hospital damaged at Sepulveda. The funds were proposed to be transmitted to VA based upon VA's analysis of the various long-term strategies available to meet veterans health care needs in the Sepulveda area. The table below highlights the funding available to VA.

FUNDING CATEGORY	MEDICAL EXPENSES	REPAIR/ RENOVATION/ DEMOLITION	CONSTRUCTION/ ACTIVATION	TOTAL
MEDICAL CARE *	$5.4	$10.6	$12.0	$28.0
MAJOR CONSTRUCTION		$39.4	$6.2	$45.6
PRESIDENT'S CONTINGENCY			$47.5	$47.5
TOTAL	$5.4	$50.0	$65.7	$121.1

*Includes a reprogramming of $7 million in previous emergency funding.

VBA Claims Processing

Question: 2.The recommendations of the Blue Ribbon Commission are identified in the budget as "business opportunities" for streamlining VBA claims processing.

Question: 2a. Quantify the real improvements in claims processing which each of these "business opportunities" is expected to produce and provide the date by when the improvements associated with each opportunity are expected to be fully realized?

Answer: The Blue Ribbon Panel on Claims Processing identified over forty areas in which we could modify current procedures, adjudication organization structure, or staffing to achieve improvement in claims processing timeliness. Recommendations, such as organizing rating teams to handle the full range of rating issues; consolidating responsibilities for control, development, and adjudication of claims; providing models for organizational redefinition of adjudication divisions; and establishing a training program devoted to the development of claims, are focused on this improvement. The process of forming work groups, planning and designing models, and preparing and coordinating training curricula has already begun. However, these and other improvements will not be fully effected until well into 1995 in most cases. Thus, it would be premature to project the impact of these initiatives at this time.

Question: 2b. Identify the other "opportunities" which VA has identified, but not included in the budget.

Answer: In an effort to improve claims processing timeliness, individual regional offices are testing and experimenting with new or revised methods of claims processing under total quality management methodologies. In particular, stations such as New York, Portland, Oakland, Jackson, and Muskogee independently developed and are now testing various team concepts of streamlined claims processing to improve service. These stations, which began their testing in total or in part during the period from May to July of 1993, are now approaching the end of the first year of prototype operations. As the first anniversary draws near, VBA continues to monitor and measure the results. These initiatives, however, are so unique and far reaching in their "reengineering" methods, that it is expected to take from one to three years to accurately define the outcome of these "business opportunities." On a more limited scale, some stations are testing cross-training of Veterans Claims Examiners from the Adjudication Division with Veterans Benefits Counselors from Veterans Services Division in an effort to maximize the use of existing personnel while simultaneously providing better service to veterans and dependents. VBA continues to monitor these tests for effectiveness and potential nationwide application.

Veterans Health Care

Question: 3. Explain how the proposed FY 1995 VA budget for veterans health care will help VA prepare to be successful in the competitive health care environment envisioned under national health care reform. Identify priority uses for additional FY 1995 VA health care resources to better prepare VA to be successful in the competitive health care environment envisioned under national health care reform.

Answer: VA is currently developing an implementation plan for Health Care Reform. That plan has not yet been approved by the Secretary. Specific cost information associated with each change needed for VA to be successful under health care reform has not been developed at this point. The President's FY 1995 request is based upon current law and current level of effort. The Health Security Act includes $3.3 billion investment fund to enable VA to compete effectively under health care reform.

Question: 4. To offset reductions in veterans health care personnel, VA may contract for more services in the future.

VA's history of contracting for medical services is not stellar as the administration's own budget acknowledges regarding specialized medical services contracting.

Which services does VA expect to obtain by contract and how will VA insure past contracting problems are not repeated?

Answer: As part of reinventing government and the President's commitment to a smaller Federal workforce, VA will purchase and streamline services resulting in a decrease of almost 5,000 FTE. We believe that this will emphasize the actual delivery of health care at the point of contact and will permit greater flexibility for management.

Specific areas that will be considered for contracting if they can be acquired at the same or lower cost are: services such as transcription and coding; grounds keeping services of a temporary nature; blood drawing; escort; and ambulance services; resident trainees; and lab testing.

The problems previously identified in contracting for scarce medical specialists have been corrected and should not reoccur.

VBA FTE Reductions

Question: 5. While reductions in VA health care personnel may be offset by increased contracting for services, the proposed budget doesn't indicate reductions in VA benefits personnel will likewise be offset by increased contracting. Please explain this.

Answer: VBA's request reflects a decrease of 622 FTE in 1995. Of that total, 464 FTE reflect reductions in workload associated with the provisions of the "Omnibus Budget Reconciliation Act of 1990." There is also a 59 FTE reduction associated with other workload funded from outside the GOE appropriation. Those FTE are no longer required for the purposes for which they were reimbursed.

VBA takes advantage of contractor support whenever possible to support and supplement its staff. The 1995 request includes approximately $17 million for such purposes.

Health Care Investment Fund

Question: 6A. The budget assumes VA will receive $1 billion from the Health Care Investment Fund in FY 1995. If these funds are provided, describe how will they be used.

Answer: Eight ambulatory care major construction projects have been identified for FY 1995 funding through the Veterans Health Care Investment Fund. These projects total $224,882,000 in required funding. The remaining funds will be used to support an investment strategy for the VA system based upon a business plan approach. This strategy will focus on strengthening VA's position so that it can effectively compete under health care reform. A Veterans Health Administration Directive has been developed to survey the VA system for long-term investment needs. Decisions regarding allocation of the Investment Fund will be made following determination of need and identification of high priority areas.

Question: 6B. VA's budget summary identifies $224 million in Health Care Investment Fund - phase one funding for eight ambulatory care projects. When will these projects begin?

Answer: Please see attached listing for major projects identified for FY 1995 investment fund.

Question: 6C. When will these projects begin if the Health Care Investment Fund is not established as proposed?

Answer: VA is confident that a Health Care Investment Fund will be passed. Construction awards for these projects will be made as soon as possible.

Question: 7. The budget identifies development of new VA community primary care centers as a Health Care Investment Fund phase two activity.

How many new primary care centers is VA proposing to develop as a Health Care Investment Fund phase two activity? Provide the schedule for the development and activation of these new primary care centers using Health Care Investment Funds. Provide the criteria VA will use to determine the location of these new primary care centers.

If a Health Care Investment Fund is not established, provide the schedule for the development and activation of these new primary care centers.

Answer: The Veterans Health Administration is currently conducting a planning initiative to identify on a facility, network, and VSA or Region level the best way to organize primary care delivery for veterans. The plan submissions are due to VACO in the near future.

VA may create a regional primary care system for veterans by collaborating with managed care delivery systems. The medical center may either contract with managed care providers to provide services to veterans or enter into joint partnerships with managed care providers.

The criteria for selection of specific arrangements will depend on the needs of veterans in a given geographic area and the availability of potential managed care contracting partners.

The method of selecting the location for regional primary care systems will depend on veterans expressing interest in such arrangements by signing up for VA care and on the local VA network demonstrating through a detailed business plan the viability of its proposal. Further plans will be developed as the results of the planning process are evaluated and approved for implementation.

Question: 8. How much will be invested in each of the other priorities identified as a Health Care Investment Fund phase two activity -- patient amenities; infrastructure improvements; systems/equipment and describe the improvements VA plans in each of these areas.

In the absence of major health care reform, describe VA's plans to achieve these needed improvements.

Answer: Specific decisions regarding how the investment fund will be distributed, will be based on sound business plans developed to optimize use of resources to make a competitive Health Provider. Business plans will serve as blue prints for financial management and for establishing priorities for short and long-term investments. VA medical centers are currently completing their assessments of the investments needed to make them competitive. These assessments are currently underway. VA is confident that health care reform legislation will be passed this session of Congress and will include a Health Care Investment Fund for VA.

Question: 9A. Identify the changes needed in VA healthcare for VA to be successful in a more competitive health care environment.

Answer: The President's Health Care Reform proposal envisions VA health care as a crucial component that will serve veterans and their families. The Department intends to become a full participant in health care reform and continue its tradition of service to the veterans who have served our Nation. The Department's goal for health care reform is to become a model for an integrated full service health care system that provides quality, cost effective care in direct response to veterans needs. To accomplish this, VA is prepared to make sweeping changes in its current system of health care delivery. Under health care reform, VA will offer veterans and their families the following:

1) an attractive network of community and VA health care providers who will take care of the entire family's medical needs;

2) a competitively priced health care plan designed to provide veterans a comprehensive benefit package, supplemental benefits and special services;

3) an increasingly customer-oriented approach to delivering health care in VA medical centers and VA-contracted providers; and,

4) a highly respected health care system that compares favorably on quality and performance with the private sector and one that will continue to meet or exceed community standards in delivering care.

5) Based upon this solid foundation, the VA health care program will be able to compete for enrollees on the basis of price, access and quality and, upon enrollment, effectively deliver health care to veterans and their families.

Question: 9B.Provide the cost associated with each needed change.

Answer: VA is currently developing an implementation plan for Health Care Reform. That plan has not yet been approved by the Secretary. Specific cost information associated with each change needed for VA to be successful under health care reform has not been developed at this point.

CONGRESSMAN GEORGE E. SANGMEISTER

Loan Guaranty

Question: 1. You've told us in the past that you've trained approximately 1,000 employees in the last five years of your technician training program. Are you continuing the training at the same level this year and do you plan to do it in 1995?

Answer: VA's Congressional Budget Submission (Volume 4, pp. 2-52 and 2-53) notes that we are requesting $430,000 for training-related travel (the main cost of our training) out of a total of $1,157,000 requested for "Employee Travel." This amount will allow 115 participants to train under the following programs:

$120,000 Appraiser's Training [following OMB guidance in compliance with Title XI of FIRREA]
$210,000 Centralised Technician Training (necessary to ensure quality of service to veterans)

$100,000 Loan Production System/Property Management ADP systems training

Homeless

Question: 1. Mr. Secretary, according to an article in the February 8 Washington Post, HUD's projected budget for homeless aid made a tremendous gain. Funding rose from $823 million in 1994 to $1.63 billion in 1995. Funding for specific veteran homeless programs, however, has increased only minimally. Why is there such a large discrepancy? Is it also true that congressionally mandated targeted programs such as PTSD, substance abuse and long-term mental health care which also addresses the needs of homeless veterans may be endangered if facility directors are given discretion to divert funds and eliminate these programs?

Answer: In percentage terms, VA experienced large increases in funds for special homeless veterans programs between 1992 and 1994. Resources have increased from about $35 million in 1992 to almost $70 million in 1994. The HUD program is basically a grant program while we primarily provide direct services. Veterans will be able to benefit from the proposed increase in HUD funding since providers of homeless services to veterans are eligible to apply for HUD grants and homeless veterans utilize the full range of programs funded by HUD.

It is too early to determine the impact of giving VA medical center directors discretion is diverting, reducing or eliminating resources that were previously considered "fenced" or protected for specially mandated and targeted programs such as PTSD programs, substance abuse programs and long-term mental health programs.

Question: 2. In answering the Committee's pre-hearing budget questions, you state that there are no new funds or FTE specified for the HUD-VASH program for fiscal year 1995 and that the implementation of new housing vouchers from HUD would require the redirection of existing resources. Since these 2,000 vouchers represent approximately $58 million in rental assistance to veterans over a five-year period, what would it cost VA (money and FTE) to provide the case management?

Answer: HUD has made additional Section 8 Housing Vouchers available to homeless veterans in the HUD-VA Supported Housing (HUD-VASH) Program in FY 1994. HUD invited Public Housing Authorities to apply for this set aside

Voucher Funding through a Notice of Funding Availability (NOFA) that was published in the Federal Register on September 30, 1993. HUD has just completed the review of applications for the dedicated Section 8 Housing Voucher and expects to notify the selected Public Housing Authorities before shortly. VA will then distribute FTE and funding to nearby VA medical care facilities so that case management services can be provided to veterans who receive the dedicated vouchers as part of the HUD-VASH Program.

It is our understanding that HUD also plans to dedicate an additional 750 Section 8 Housing Vouchers for homeless mentally ill veterans in FY 1995. If these additional vouchers are set aside for homeless veterans, VA would need to dedicate 48 FTE and $2.5 million to provide case management services.

CONGRESSMAN JIM SLATTERY

Funding VA's Insurance Programs

Question: 1. Mr. Secretary, I am very concerned about the legislative proposal to fund the administration of some of the VA's insurance programs from funds normally distributed to policyholders in the form of annual dividends. Savings in GOE from this proposal are projected at $29.4 million in FY 1995. There is some doubt about the legality of the proposal, but I am more concerned about the position VBA would be left in if the proposal is either not enacted or, if enacted, challenged in the courts. For the records, how many FTEE are associated with the proposal, and how is this distributed amongst the various services?

Answer: FTE associated with this proposal is distributed across five program areas as follows:

Executive Direction	8
Veterans Service	25
Insurance	356
Information Technology	105
Support Service	52
Total VBA	546

Question: 2. What would you do if, for some reason, this proposal is not enacted or if it is challenged in court?

Answer: Such a situation would require VBA to reduce payroll and nonpayroll by a total of $29.4 million. Because so many of our nonpayroll costs are fixed, we would not be able to reduce those costs in the same manner in which we have planned for reimbursement. The burden of the reduction would transfer to payroll and ultimately an FTE greater than the 546 in 1995.

Compounding that problem is our contractual obligation to our insurers and their beneficiaries. The program will still have to be sustained at a reduced operating level. Other programs will have to contribute resources to offset the shortfall. Service to veterans in all programs will suffer if this proposal is not funded or if it is challenged once enacted.

Question: 3. Could such a scenario put you into the position of having to postpone implementation of phase III of your modernization initiative?

Answer: Funding for stage three of modernization will not be available until September 1, 1995. Because of its delayed availability, modernization will not be affected by the outcome of this proposal.

CONGRESSWOMAN CORRINE BROWN

Construction Management

Question: 1. Were the eight projects that ended up on the Investment Fund list a part of VA's original request to OMB?

Answer: Yes, these projects were included in our original request to help VA move toward ambulatory care, which will be needed under health care reform.

Question: 2. When OMB reduced the VA's construction, how did the VA decide which projects would be on its construction request list versus the projects on this Investment Fund list?

Answer: A key purpose of the Investment Fund is to give VA the opportunity to retool its facilities and services in order to successfully compete for veteran enrolles under health care reform. VA plans to participate in health care reform with a managed care delivery system. Ambulatory care is the cornerstone of a managed care system. Therefore, it was decided to include in the Investment Fund ambulatory care projects, which will help ensure that VA can effectively compete under national health care reform.

Question: 3. I have reviewed the VA's construction projects. There are several interesting projects, including the two facilities for Tennessee And Oregon. As a result, it would be very useful, if the Committee could get a copy of the VA's list in order of priority of medical facilities which need to be built. Would you forward a copy of that list to me and the Committee?

Answer: VA updates its Inventory "List" each year through the submission by medical centers of their five-year facility plans. So far only ambulatory care and some infrastructure projects submitted have been prioritized since these are priority programs for scarce construction dollars. The list of these, showing FY 1995 requested projects, in bold, is attached.

Question: 4. According to the VA's own documents, the proposal to renovate the Orlando Naval Training Center (ONTC) Hospital into a satellite outpatient clinic and a 120-bed nursing home facility has the highest priority for completion in this network and is among the highest priorities for improving access to care in the VA's health care system. It is obvious that this is an important project. So, why was this project not included in the VA's construction project request for Fiscal Year 1995?

Answer: The projects requested in VA's FY 1995 Major Construction appropriation concentrate on long-standing commitments for providing access to veterans' care in underserved areas with a growing population of older, lower income veterans. The projects requested through the Health Care Investment Fund will help ensure that VA can effectively compete under national health care reform and reflect the need to shift to ambulatory care settings.

Question: 5. I know that this project was included in the Health Care Investment Fund. So does that mean that the funding for this project is being held hostage by the passage of President Clinton's health care proposal?

Answer: The eight outpatient clinic projects requested through the Health Care Investment Fund will help ensure that VA can effectively compete under health care reform.

VA is confident that health care reform legislation will be passed this session and will include a Health Care Investment Fund for VA.

Question: 6. Now, what happens to this project and the other seven projects in the Investment Fund, if the Clinton plan is not passed by Congress?

Answer: As noted above, VA is confident that health care reform legislation will be passed this session, we are also confident that it will include a Health Care Investment Fund for VA.

HONORABLE BROWN

ATTACHMENT TO QUESTION #3

LIST II.a - CURRENT TOP MAJOR CONSTRUCTION PROJECTS

LOCATION	PROJECT TITLE	SCORE	COST EST (000's)	CUM TOTAL (000's)
BREVARD COUNTY (ORLANDO), FL	**SATELLITE OP/NHC**	17.87	14,000	14,000
PALO ALTO, CA	MANAGED CARE/SEISM	17.35	18,000	32,000
TRAVIS, CA	**VA/AF JOINT VENTURE**	17.13	163,800	195,800
GAINESVILLE, FL*	**AMBUL CARE ADDN**	16.79	26,600	222,400
BAY PINES (FT. MYERS), FL	**SATELLITE OP CLINIC**	16.73	9,570	231,970
BOSTON, MA	**AMBUL CARE ADDN**	16.52	48,000	279,970
HAMPTON, VA*	**AMBUL CARE ADDN**	15.60	29,200	309,170
COLUMBIA, MO	**AMBUL CARE ADDN**	15.47	22,900	332,070
EAST ORANGE,NJ* 1/	AMB CARE ADDN	15.34	16,500	348,570
WEST HAVEN, CT*	**AMBUL CARE ADDN**	15.19	48,600	397,170
WILKES-BARRE,PA*	AMB CARE ADDN	15.07	24,200	421,370
BUFFALO, NY	OUTPAT ADDN	14.94	6,400	427,770
PHOENIX, AZ*	AMB CARE ADDN	14.80	25,000	452,770
MEMPHIS, TN*	**SEISMIC CORRECTIONS**	14.72	94,100	546,870
SAN JUAN, PR*	**AMBUL CARE ADDN**	14.72	38,800	585,670
BROCKTON, MA*	AMB CARE ADDN	14.47	9,400	595,070
FT.HOWARD,MD*	AMB CARE IMPR	14.47	25,000	620,070
LEAVENWORTH,KS*	AMB CARE ADDN	14.25	22,000	642,070
LYONS,NJ*	AMB CARE CONS	14.19	18,000	660,070
TEMPLE, TX	OUTPAT/DIAGNO	14.17	9,400	669,470
SACRAMENTO,CA	SOPC	13.96	25,000	694,470
CASTLE POINT,NY	AMB CARE ADDN	13.88	14,500	708,970
TUCSON,AZ*	OUTPATIENT ADDN	13.72	24,750	733,720
TUSKEGEE, AL* 1/	AMB CARE, BSM	13.68	13,900	747,620
ASHEVILLE, NC*	AMB/CLIN IMRP	13.64	23,850	771,470
BROOKLYN,NY* 1/	AMB CARE EXPAN	13.63	15,000	786,470
HINES,IL 1/	RENO B37 FOR OP	13.61	12,500	798,970
MARION, IN*	OUTPAT ADDN B138	13.59	9,000	1,632,080
CHICAGO(WS),IL	OUTPAT ADDN/PKG	13.32	23,000	821,970
CLEVELAND,OH*	AMB CARE	13.25	25,000	846,970
MILES CITY, MT	AMB CARE ADDN	13.12	13,000	859,970
BREVARD COUNTY, FL	**NEW MED CTR/NHC**	12.98	171,900	1,031,870
SAN ANTONIO,TX	MODIFY AMB CARE	12.80	8,730	1,040,600
FT. HARRISON,MT*	AMB CARE/CLIN	12.75	9,500	1,050,100
WASH, D.C.*	AMB CARE ADDN	12.60	25,000	1,075,100
SYRACUSE,NY	OUTPAT ADDN	12.50	25,000	1,100,100
ALBANY,NY	OUTPAT ADDN	12.47	20,000	1,120,100
MONTROSE, NY*	AMB CARE (B1)	12.45	17,100	1,137,200
TOMAH,WI 1/	OUTPAT/DIAG UPGRADE	12.33	13,100	1,150,300
TAMPA, FL*	AMB CARE EXPAN	12.09	24,940	1,175,240
LOS ANGELES,CA	OPC ADD STORY	12.05	10,000	1,185,240
SALISBURY,NC*	AMB/CLIN ADDN	11.93	23,000	1,208,240

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DES MOINES, IA* 1/	AMB CARE/CLIN	11.84	20,000	1,228,240
MILWAUKEE,WI*	AMB CARE	11.76	16,200	1,244,440
BOISE,ID*	AMB CARE EXPAN	11.72	25,000	1,269,440
SAN FRANCISCO,CA	PRIM CARE/MHC	11.56	23,600	1,293,040
DENVER, CO	MANAGED CARE	11.54	23,000	1,316,040
WALLA WALLA,WA*	AMB CARE BLDG	11.47	25,000	1,341,040
DANVILLE,IL*	RENOV FOR AMB CARE	11.16	5,000	1,346,040
SHREVEPORT,LA* 1/	AMB CARE EXPAN	10.80	15,800	1,361,840
RENO, NV	AMB CARE EXPAN	10.79	25,000	1,386,840
ALEXANDRIA,LA 1/	AMB CARE EXPAN	10.78	15,500	1,402,340
SALT LAKE CITY,UT	OPC EXPAN	10.40	17,000	1,419,340
PORTLAND, OR	**RESEARCH ADDN**	**10.14**	**16,100**	**1,435,440**
WEST L.A., CA	RPL. SOPC	9.79	18,000	1,453,440
NASHVILLE,TN*	AMB CARE ADDN	9.73	6,000	1,459,440
WEST L.A., CA	AMB CARE ADDN	9.67	25,000	1,484,440
ALBUQUERQUE,NM	MENTAL HEALTH	9.29	5,000	1,489,440
BIRMINGHAM,AL* 1/	OUTPATIENT IMPS	9.09	11,740	1,501,180
SAN DIEGO, CA	AMB CARE CLIN	9.04	15,000	1,516,180
AMERICAN LAKE, WA*	AMB CARE BLDG	9.01	28,000	1,544,180
LONG BEACH, CA*	OUTPAT ADDN BLDG	9.01	4,000	1,548,180
HUNTINGTON, WV	**RESEARCH ADDN**	**8.80**	**9,900**	**1,558,080**
LITTLE ROCK, AK 1/	AMB CARE/CLIN	8.67	20,000	1,578,080
FRESNO,CA*	PRIM CARE/BEHAV SCI	8.44	15,000	1,593,080
NEW YORK, NY*	RELOC CLINICS	7.99	10,000	1,603,080
LAKE CITY,FL*	AMB CARE FLOOR	7.07	9,000	1,612,080
BAY PINES, FL*	AMB CARE EXPAN	6.23	11,000	1,623,080

Note: Those projects bolded are sufficiently developed to use FY 1995 construction funds

*Facility development plan completed
1/ To be validated

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OLD INVENTORY • 374 PROJECTS 1991- INVENTORY

ATTACHMENT TO QUESTION [illegible]

RANKING AS OF 13-FEB-93

MAJOR CONSTRUCTION PRIORITIZATION SYSTEM
PROJECTS LISTED BY FACILITY NAME

PROJECT	FACILITY	TITLE	[illegible]	FIELD SCORE		FINAL SCORE	[illegible]	CATEGORY	[illegible]	FY	FY RANK
500078	ALBANY, NY	RENOVATE SURGICAL WARDS	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	ENVIRON	[illegible]	[illegible]	[illegible]
500103	ALBANY, NY	COMPREHENSIVE CANCER CENTE	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
500073	ALBANY, NY	OUTPATIENT/ HVAC BLDG 1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
500075	ALBANY, NY	RENOVATE FOR NHCU	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	NHC	[illegible]	[illegible]	[illegible]
500116	ALBANY, NY	WAREHOUSE/ADMIN OFFICE CON	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	WAREHOUSE	[illegible]	[illegible]	[illegible]
501160	ALBUQUERQUE, NM	300 BED DOMICILIARY	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	DOM	[illegible]	[illegible]	[illegible]
501064	ALBUQUERQUE, NM	120 BED NHCU	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	NHC	[illegible]	[illegible]	[illegible]
501151	ALBUQUERQUE, NM	NURSE STATION MODS., B-41	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	ENVIRON	[illegible]	[illegible]	[illegible]
501116	ALBUQUERQUE, NM	SEISMIC CORRECTIONS, B-1,	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	SEISMIC	[illegible]	[illegible]	[illegible]
501095	ALBUQUERQUE, NM	RESEARCH COMPLEX, BLDG. 10	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	RESEARCH	[illegible]	[illegible]	[illegible]
501067	ALBUQUERQUE, NM	MENTAL HEALTH COMPLEX	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	CLIN IMP	[illegible]	[illegible]	[illegible]
501130	ALBUQUERQUE, NM	MEDICAL HIGH TECH FACILITY	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	CLIN IMP	[illegible]	[illegible]	[illegible]
835005	ALEXANDRIA NAT CEM	ENVIRONMENTAL ASSESS (DRAI	[illegible]		VACO	[illegible]	[illegible]	NCS GRAV	[illegible]	[illegible]	[illegible]
502098	ALEXANDRIA, LA	CONSTRUCT/REPL COVRD. LAUN	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	LAUNDRY	[illegible]	[illegible]	[illegible]
502088	ALEXANDRIA, LA	120-BED NHCU REPLACEMENT	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	NHC	[illegible]	[illegible]	[illegible]
502123	ALEXANDRIA, LA	40-BED LONG TERM PSYCH FAC	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
502087	ALEXANDRIA, LA	200-BED DOMICILIARY (NEW/R	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	DOM	[illegible]	[illegible]	[illegible]
502119	ALEXANDRIA, LA	RENOV/UPGRADE DIS(DIETETIC	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	DIETETIC	[illegible]	[illegible]	[illegible]
553000	ALLEN PARK, MI	REPLACEMENT AND MODERNIZAT	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	REPLACE	[illegible]	[illegible]	[illegible]
505057	AMERICAN LAKE, WA	SEISMIC/RENOV VAR BLDGS. 6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	SEISMIC	[illegible]	[illegible]	[illegible]
505099	AMERICAN LAKE, WA	REPLACE BOILER PLANT	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	BOILER	[illegible]	[illegible]	[illegible]
505100	AMERICAN LAKE, WA	NURSING HOME, 120 BEDS	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	NHC	[illegible]	[illegible]	[illegible]
505079	AMERICAN LAKE, WA	CLIN ADDN,COR DEF B-81/88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
506027	ANN ARBOR, MI	CLINICAL/OUTPATIENT ADDN./	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
506098	ANN ARBOR, MI	RESEARCH ADDITION,3RD & 4TH	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	RESEARCH	[illegible]	[illegible]	[illegible]
914002	ARIZONA NAT CEM	GRAVESITE DEVELOPMENT	[illegible]		VACO	[illegible]	[illegible]	NCS GRAV	[illegible]	[illegible]	[illegible]
637053	ASHEVILLE, NC	CLINICAL IMPROVEMENTS	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
508057	ATLANTA, GA	RELOCATE PSYCH NURSING UNI	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	ENVIRON	[illegible]	[illegible]	[illegible]
509099	AUGUSTA, GA	MRI CLINIC/RADIATION THERA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	CLIN IMP	[illegible]	[illegible]	[illegible]
509110	AUGUSTA, GA	SPINAL CORD INJURY UNIT AD	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
509143	AUGUSTA, GA	RENOVATE BLDG 76	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
509126	AUGUSTA, GA	RENOVATE B-19 & B-20	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	ADMIN	[illegible]	[illegible]	[illegible]
512095	BALTIMORE, MD	LOCH RAVEN EXTENDED CARE/R	[illegible]		VACO	[illegible]	[illegible]	ENVIRON	[illegible]	[illegible]	[illegible]
514101	BATH, NY	NEW NHCU BLDG B-107	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	NHC	[illegible]	[illegible]	[illegible]
514102	BATH, NY	300 BED DOMICILIARY B-103	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	DOM	[illegible]	[illegible]	[illegible]
514095	BATH, NY	AMBULATORY CARE 2ND FLOOR	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	OP IMP	[illegible]	[illegible]	[illegible]
515093	BATTLE CREEK, MI	HVAC;VARIOUS BUILDINGS	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	HVAC	[illegible]	[illegible]	[illegible]
515157	BATTLE CREEK, MI	CLINICAL ADDITION & WARDS	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	CLIN IMP	[illegible]	[illegible]	[illegible]
515161	BATTLE CREEK, MI	RENOVATE B-30	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	ENVIRON	[illegible]	[illegible]	[illegible]
515164	BATTLE CREEK, MI	RENOVATE B-3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	CLIN IMP	[illegible]	[illegible]	[illegible]
515175	BATTLE CREEK, MI	RENOVATE B-84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	NHC	[illegible]	[illegible]	[illegible]
515176	BATTLE CREEK, MI	RENOVATE B-83	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	NHC	[illegible]	[illegible]	[illegible]
515163	BATTLE CREEK, MI	CONSTRUCT NHCU	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	NHC	[illegible]	[illegible]	[illegible]
516103	BAY PINES, FL	LEE COUNTY (FT MYERS):120	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
516113	BAY PINES, FL	RENOV B-36&37,E.D. PHAR,OR	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
516114	BAY PINES, FL	RENOV B100/1, AMBUL. CARE,	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	OP IMP	[illegible]	[illegible]	[illegible]
516112	BAY PINES, FL	CONST WHSE, ENGR SHOPS, RE	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
516115	BAY PINES, FL	RENOV ER,ADM,TEL,REC,HAC,C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	ADMIN	[illegible]	[illegible]	[illegible]
518092	BEDFORD, MA	RENOVATE [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	ENVIRON	[illegible]	[illegible]	[illegible]
518164	BEDFORD, MA	RENOVATE WARDS IN BLDG. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	ENVIRON	[illegible]	[illegible]	[illegible]
518162	BEDFORD, MA	RENOVATE WARDS IN BLDG. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	ENVIRON	[illegible]	[illegible]	[illegible]
518163	BEDFORD, MA	RENOVATE WARDS IN BLDG. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	ENVIRON	[illegible]	[illegible]	[illegible]
518130	BEDFORD, MA	RENOVATE B-8 AND 9 (ADMIN/	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	ADMIN	[illegible]	[illegible]	[illegible]
519035	BIG SPRING, TX	40-BED NHCU	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	NHC	[illegible]	[illegible]	[illegible]

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MAJOR CONSTRUCTION PRIORITIZATION SYSTEM
PROJECTS LISTED BY FACILITY NAME

PAGE 3

PROJECT	FACILITY	TITLE	VACO SCORE	FIELD SCORE		FINAL SCORE	OVL RANK	CATEGORY	CTGY RANK	FY	FY RANK
520117	BILOXI, MS	NEW CONNECTOR LINK	12.60	12.33	AVG	12.47	165	MODERN	21	99	16
521047	BIRMINGHAM, AL	EAST TOWER ADDITION	7.64	7.16	AVG	7.40	335	MODERN	88	98	139
521055	BIRMINGHAM, AL	ADD 3 FLOORS TO RESEARCH	6.71	6.71	AVG	6.71	339	RESEARCH	23	98	135
531054	BOISE, ID	AMBULATORY CARE EXPAND/PAT	13.33	13.33	AVG	13.33	127	MODERN	17	98	30
522002	BONHAM, TX	NEW BED TOWER	10.99	10.99	AVG	10.99	221	MODERN	33	98	82
523101	BOSTON, MA	EXT. OUTPATIENT CLINIC	17.16	17.16	AVG	17.16	16	OP IMP	3	98	7
523002	BOSTON, MA	RESEARCH ADDITION	11.01	10.16	AVG	10.59	220	RESEARCH	7	98	81
523026	BOSTON, MA	CLINICAL ADDITION/PA (DES)	10.02	10.02	AVG	10.02	249	MODERN	35	95	36
	BOSTON, MA	CLINICAL ADDITION/PARKING	10.02	10.02	AVG	10.02	249	MODERN	35	97	33
525056	BROCKTON, MA	MODERNIZE BLDG 3 AND BL30	16.31	16.31	AVG	16.31	34	ENVIRON	12	98	11
525119	BROCKTON, MA	60 BED N C 1 BLDG (D)	12.93	12.93	AVG	12.93	146	ENVIRON	38	98	38
525124	BROCKTON, MA	MAGNETIC RESONANCE IMAGING	11.34	11.34	AVG	11.34	209	CLIN IMP	22	98	76
525105	BROCKTON, MA	REPLACE LAUNDRY (D)	6.70	12.32	AVG	9.51	272	LAUNDRY	5	98	106
527007	BROOKLYN, NY	A AIR CONDITIONING	16.94	18.39	AVG	17.57	6	HVAC	2	98	4
527110	BROOKLYN, NY	ADD'N FLOORS-B 15(AMB CARE	9.69	10.91	AVG	10.30	262	CLIN IMP	32	98	91
528064	BUFFALO, NY	CLINICAL ADDITION	12.72	12.72	AVG	12.72	156	CLIN IMP	1	97	27
528066	BUFFALO, NY	HVAC/ENVIRONMENTAL IMPROVE	11.03	11.03	AVG	11.03	188	MODERN	27	98	65
528081	BUFFALO, NY	CONSTRUCT ADDITION B20 RES	6.36	4.19	AVG	5.27	343	RESEARCH	23	95	46
529059	BUTLER, PA	CONSTR. ADDL. BED BLDG.	13.72	13.72	AVG	13.72	105	ENVIRON	20	98	22
805019	CALVERTON NATL CEM	GRAVESITE DEVELOPMENT (DES)	17.50		VACO	17.50	9	NCS GRAV	3	97	1
	CALVERTON NATL CEM	GRAVESITE DEVELOPMENT	17.50		VACO	17.50	9	NCS GRAV	3	98	5
532069	CANANDAIGUA, NY	HVAC , PATIENT PRIVACY	16.35	16.86	AVG	16.61	27	HVAC	5	02	1
533075	CASTLE POINT, NY	NEW LAUNDRY	14.67	15.08	AVG	14.88	70	LAUNDRY	3	03	4
533073	CASTLE POINT, NY	SPINAL CORD INJURY ADDITIO	11.73	11.56	AVG	11.64	197	ENVIRON	42	03	6
533131	CASTLE POINT, NY	OUTPATIENT ADDITION					362	OP IMP	32	03	10
534059	CHARLESTON, SC	ADD 3RD FLOOR TO CLINICAL	11.45	11.45	AVG	11.45	202	CLIN IMP	21	98	73
534066	CHARLESTON, SC	PARKING GARAGE	8.50	8.50	AVG	8.50	296	PARKING	10	98	110
535032	CHICAGO LAKESIDE, I	CLINICAL EXP. FOR AMB CARE	9.16	9.16	AVG	9.16	284	CLIN IMP	05	91	11
535056	CHICAGO LAKESIDE, I	ADD 3 ELEVATORS	6.25	6.25	AVG	6.25	356	ELECTRIC	7	91	15
537065	CHICAGO WESTSIDE, I	CLIN LAB RELOC/EXPND B-30	12.87	13.54	AVG	13.21	120	CLIN IMP	8	91	3
537066	CHICAGO WESTSIDE, I	CONSTRUCT MULTI-LEVEL PARK	8.75	8.75	AVG	8.75	290	PARKING	9	91	12
538077	CHILLICOTHE, OH	RENOVATE BLDG. 212(PSYCHIA	13.72	15.91	AVG	14.82	71	ENVIRON	20	95	4
539032	CINCINNATI, OH	ENVIRON & CLIN IMP	11.36	11.36	AVG	11.36	208	MODERN	31	98	75
539048	CINCINNATI, OH	PARKING GARAGE	7.65	7.65	AVG	7.65	314	PARKING	12	98	127
541039	CLEVELAND, OH	AMBULATORY CARE/SCI	13.00	13.00	AVG	13.00	102	MODERN	10	97	17
	CLEVELAND, OH	AMBULATORY CARE/SCI (DES)	13.00	13.00	AVG	13.00	102	MODERN	10	95	21
541030	CLEVELAND, OH	CENTRAL HVAC SYSTEM	12.03	12.03	AVG	12.03	153	HVAC	15	98	43
542067	COATESVILLE, PA	300 BED DOMICILIARY	15.26	15.26	AVG	15.26	55	DOM	3	99	4
542065	COATESVILLE, PA	CONSOLIDATE OUTPATIENT SPA	12.08	12.08	AVG	12.08	149	OP IMP	9	98	41
542111	COATESVILLE, PA	NEW WAREHOUSE	9.00	9.00	AVG	9.00	259	WAREHOUS	1	98	100
543060	COLUMBIA, MO	CLINICAL ADDITION	9.12	11.33	AVG	10.23	266	CLIN IMP	33	96	17
549067	DALLAS, TX	BOILER PLANT REPLACEMENT	12.52	12.52	AVG	12.52	162	BOILER	3	98	49
549076	DALLAS, TX	COGENERATION	12.15	12.15	AVG	12.15	170	ELECTRIC	1	98	57
549053	DALLAS, TX	BLIND REHAB CENTER	11.01	11.01	AVG	11.01	191	CLIN IMP	10	95	58
549060	DALLAS, TX	RENOVATE BUILDING 1	8.56	8.56	AVG	8.56	294	MODERN	42	97	35
549035	DALLAS, TX	RENOVATE GROUND FLR/ADDL 3	-5.22	-5.22	AVG	-5.22	374	RESEARCH	31	98	155
550090	DANVILLE, IL	RENOVATE BLDG. 58 FOR NHCU	17.08	16.58	AVG	16.83	23	DOM	1	95	1
550102	DANVILLE, IL	DEMO B-102/CONSTR ADDN TO	15.31	15.31	AVG	15.31	52	ENVIRON	13	93	1
550100	DANVILLE, IL	DEMOLISH BLDG. 103 & CONST	14.52	14.52	AVG	14.52	79	ENVIRON	23	99	1
550096	DANVILLE, IL	RENOV. BLDG. 98,1ST & 2ND	13.92	13.92	AVG	13.92	98	ENVIRON	35	93	1
550098	DANVILLE, IL	RENOVATE BLDG. 58 FOR TEMP	12.93	12.93	AVG	12.93	146	ENVIRON	38	93	1
550097	DANVILLE, IL	RENOV. BLDG. 98, GRD. FLR.	11.77	11.30	AVG	11.54	198	OP IMP	10	95	1
550099	DANVILLE, IL	RENOV BLDG. 101 FOR TEMPOR	11.16	11.16	AVG	11.14	214	ENVIRON	63	97	1
550087	DANVILLE, IL	CLINICAL ADDITION TO BLDGS	8.12	8.12	AVG	8.12	307	CLIN IMP	69	98	131

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PROJECT	FACILITY	TITLE	VACO SCORE	FIELD SCORE		FINAL SCORE	OVL RANK	CATEGORY	CTGY RANK	FY	FY RANK
550103	DANVILLE, IL	RENOV B-101 FOR ENG,BLDG M	3.12	3.12	AVG	3.12	396	ADMIN	3	96	1
810011	DAYTON NAT CEMETERY	GRAVESITE DEVELOPMENT	12.96		VACO	12.96	140	NCS GRAV	10	95	8
552299	DAYTON, OH	RENOVATE DOMICILIARY,B-410	16.43	16.43	AVG	16.43	26	[illegible]	1	93	1
552271	DAYTON, OH	160-BED NHCU	15.09	15.09	AVG	15.09	45	[illegible]	4	95	11
552276	DAYTON, OH	RENOVATE B-409 FOR DOMICIL	10.13	10.13	AVG	10.13	247	[illegible]	9	93	7
552203	DAYTON, OH	ADMIN/WAREHOUSE/RESEARCH B	9.93	9.93	AVG	9.93	257	[illegible]	30	93	9
554035	DENVER, CO	PROSTHETICS, RESC., (DES)	10.78	10.77	AVG	10.78	226	[illegible]	24	99	22
	DENVER, CO	PROSTHETICS, RESC., ENGR./	10.78	10.77	AVG	10.78	226	[illegible]	14	98	15
554045	DENVER, CO	RESEARCH BUILDING (DES)	9.27	9.27	AVG	9.27	277	RESEARCH	15	98	19
	DENVER, CO	RESEARCH BUILDING	9.27	9.27	AVG	9.27	277	RESEARCH	15	99	20
555047	DES MOINES, IA	CLINICAL & EDUCATION ADDIT	9.03	9.03	AVG	9.03	341	CLIN IMP	16	97	30
557343	DUBLIN, GA	120 BED NURSING HOME CARE	11.65	11.65	AVG	11.65	201	NHC	26	97	30
558063	DURHAM, NC	NURSING UNIT RENOV/EXPANSI	12.53	12.53	AVG	12.53	161	ENVIRON	48	96	48
558073	DURHAM, NC	BLDG. 4 ADDITION	12.10	9.05	AVG	10.58	329	RESEARCH	9	98	65
567003	EAST CENTRAL, FL	OUTPATIENT CLINIC/NHCU (DE	15.40		VACO	15.40	96	[illegible]	6	94	10
567001	EAST CENTRAL, FL	NEW HOSPITAL (DES)	12.95	12.95	AVG	12.95	142	NEW REPL	1	97	30
	EAST CENTRAL, FL	NEW HOSPITAL	12.95	12.95	AVG	12.95	142	NEW REPL	1	97	31
561073	EAST ORANGE, NJ	AMBULATORY CARE ADDIT (DES)	16.12	15.94	AVG	16.03	38	OP IMP	2	95	7
	EAST ORANGE, NJ	AMBULATORY CARE ADDITION	16.12	15.94	AVG	16.03	38	OP IMP	2	97	6
562051	ERIE, PA	CENTRAL AIR CONDITIONING,B	14.03	12.90	AVG	13.91	97	HVAC	10	97	16
437059	FARGO, ND	MAJOR FACILITIES IMPROVEME	13.12	13.12	AVG	13.12	135	HVAC	12	94	15
437069	FARGO, ND	CENTRAL A/C BLDG 169	12.99	13.07	AVG	13.03	130	HVAC	13	97	24
[illegible]	FAYETTEVILLE, AR	120 BED NURSING HOME CARE	13.95	13.95	AVG	13.95	95	NHC	11	94	12
[illegible]	FAYETTEVILLE, AR	A/C B-363	8.01	8.01	AVG	8.01	300	HVAC	19	98	134
[illegible]	FAYETTEVILLE, NC	120 BED NURSING HOME CARE	10.34	10.34	AVG	10.34	240	NHC	27	99	35
[illegible]	FLORIDA NAT CEM	GRAVESITE DEVELOPMENT	15.94		VACO	15.94	48	NCS GRAV	4	98	8
[illegible]	FORT HARRISON, MT	NH & D ADDITION/WARD 3 REN	11.93	11.93	AVG	11.93	186	ENVIRON	41	98	63
[illegible]	FORT HARRISON, MT	AMBULATORY CARE/CLINIC FVC		8.26	FLD	8.26	303	OP IMP	15	98	120
[illegible]	FORT HOWARD, MD	MEDICAL CENTER MODERNIZATI	16.73	15.03	AVG	15.60	61	[illegible]	6	95	14
[illegible]	FORT HOWARD, MD	120-BED NHCU	16.91	16.91	AVG	16.91	67	NHC	8	99	5
[illegible]	FORT LYON, CO	HVAC-CENTRAL SYSTEM		12.20	FLD	12.20	173	HVAC	16	90	34
[illegible]	FORT LYON, CO	60 BED NHCU		9.96	FLD	9.96	255	NHC	28	96	97
[illegible]	FORT LYON, CO	RENOVATE B-8 FOR NH&DM	7.76	7.76	AVG	7.76	313	ENVIRON	47	99	25
[illegible]	FORT LYON, CO	RENOVATE WARDS, B-5	7.16	7.16	AVG	7.16	321	ENVIRON	60	99	37
[illegible]	FORT MEADE, SD	CLINICAL IMPROVEMENTS	9.40	9.40	AVG	9.40	276	CLIN IMP	60	90	109
[illegible]	FORT WAYNE, IN	120 BED NURSING HOME CARE	11.44	11.44	AVG	11.44	203	NHC	25	97	31
[illegible]	FRESNO, CA	UPGRADE AND EXPAND SPRINKL	16.79	16.79	AVG	16.79	24	P/S	1	90	9
[illegible]	FRESNO, CA	UPGRADE HVAC SYSTEM, BLDG.	12.05	12.05	AVG	12.05	152	HVAC	14	96	42
[illegible]	FRESNO, CA	BEHAVIORAL SCIENCE BLDG.	11.82	11.83	AVG	11.83	189	CLIN IMP	17	98	64
[illegible]	FRESNO, CA	ANIMAL RESEARCH FACILITY	10.13	10.13	AVG	10.13	246	RESEARCH	12	98	92
[illegible]	FRESNO, CA	EXPAND NHCU/SUPPORT BUILDI	7.37	7.37	AVG	7.37	317	NHC	31	97	37
[illegible]	FT SAM HOUSTON N CE	GRAVESITE DEVELOPMENT	17.50		VACO	17.50	7	NCS GRAV	1	93	1
[illegible]	FT SNELLING NAT CEM	EXTND NATIONAL CEMETERY (C	17.00		VACO	17.00	19	NCS NEW	4	93	3
	FT SNELLING NAT CEM	EXTND NATIONAL CEMETERY (C	17.00		VACO	17.00	19	NCS NEW	4	95	4
[illegible]	GAINESVILLE, FL	120 BED PSYCHIATRIC BLDG.	13.45	13.30	AVG	13.52	115	[illegible]	11	95	24
[illegible]	GAINESVILLE, FL	NEW VAMC:LEE COUNTY	12.46	12.46	AVG	12.46	157	NEW REPL	1	98	9
[illegible]	GAINESVILLE, FL	NEW VAMC:PANHANDLE	12.46	12.46	AVG	12.46	157	NEW REPL	1	98	92
[illegible]	GAINESVILLE, FL	UPGRADE/[illegible]	11.82	12.43	AVG	12.13	179	ELECTRIC	3	99	17
[illegible]	GRAND [illegible] NAT CEM	ADJUST.BLDG,SHELTER,ROADS,I	11.72		VACO	11.72	206	[illegible]	31	95	22
[illegible]	GRAND ISLAND, NE	OUTPATIENT CLINIC	10.93	10.23	AVG	10.53	224	CLIN IMP	39	93	86
[illegible]	HAMPTON, VA	104-BED NURSING HOME CARE	16.39	16.39	AVG	16.39	31	NHC	2	94	3
[illegible]	HAMPTON, VA	AMBULATORY CARE ADDITION	14.36	14.35	AVG	14.36	83	OP IMP	3	95	19
[illegible]	HAMPTON, VA	RENOVATE PSYCHIATRIC UNITS	13.52	12.73	AVG	13.13	131	ENVIRON	32	98	31
[illegible]	HAMPTON, VA	MEDICAL RESEARCH FACILITY	6.66	11.06	AVG	9.36	276	RESEARCH	16	98	110

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PROJECT	FACILITY	TITLE	VACO SCORE	FIELD SCORE		FINAL SCORE	OVL RANK	CATEGORY	CTGY RANK	FY	FY RANK
578106	HINES, IL	REPLACE BOILER PLANT/INCIN	12.32	12.32	AVG	12.32	169	BOILER	4	98	10
578198	HINES, IL	RELOCATE EXISTING/INSTALL	7.82	7.82	AVG	7.82	312	ELECTRIC	4	98	22
578110	HINES, IL	REARRANGE NUCLEAR MED SVC	7.10	7.10	AVG	7.10	322	CLIN IMP	52	97	30
578166	HINES, IL	CORRECT CLINICAL DEFICIENC	6.92	6.92	AVG	6.92	347	CLIN IMP	58	98	25
578167	HINES, IL	CORRECT CLINICAL DEFICIENC	6.84	6.84	AVG	6.84	349	CLIN IMP	59	98	26
578126	HINES, IL	REMODEL/EXPAND CANTEEN SVC	6.30	6.30	AVG	6.30	353	ADMIN	4	98	28
459001	HONOLULU, HI	NEW MEDICAL CENTER	10.01	10.01	AVG	10.01	223	NEW HOSP	4	95	34
	HONOLULU, HI	NEW MEDICAL CENTER	10.01	10.01	AVG	10.01	223	NEW HOSP	4	94	19
851017	HOUSTON NAT CEMETER	GRAVESITE DEVELOPMENT (DES)	15.56		VACO	15.56	40	NCS GRAV	5	93	3
	HOUSTON NAT CEMETER	GRAVESITE DEVELOPMENT	15.56		VACO	15.56	40	NCS GRAV	5	94	9
581050	HUNTINGTON, WV	120 BED NHCU	13.95	13.95	AVG	13.95	96	NHC	12	97	14
581007	HUNTINGTON, WV	ENLARGE CHILLER PLANT	11.16	11.16	AVG	11.16	[illegible]	HVAC	17	99	19
581C53	HUNTINGTON, WV	RESEARCH ADDITION	5.33	12.26	AVG	0.00	(2[illegible]	RESEARCH	10	95	39
583055	INDIANAPOLIS, IN	120 BED NURSING HOME CARE	11.60	11.60	AVG	11.60	195	NHC	21	98	72
583032	INDIANAPOLIS, IN	RESEARCH BUILDING	6.51	5.39	AVG	6.90	348	RESEARCH	23	98	102
813015	INDIANTOWN GAP N CE	MASTER PLAN PHASE 3/ (DES)	13.61		VACO	13.61	109	NCS GRAV	9	98	24
	INDIANTOWN GAP N CE	MASTER PLAN PHASE 3/GRAVES	13.61		VACO	13.61	109	NCS GRAV	9	99	11
584059	IOWA CITY, IA	RENOVATE WARDS 8E & 10W					370	ENVIRON	51	98	153
323009	JACKSON, MS 3936	COLOCATION	13.36		VACO	13.36	121	VBA JIN	1	93	5
589041	KANSAS CITY, MO	CLINICAL EXPANSION	7.25	9.06	AVG	8.16	306	CLIN IMP	48	98	122
589096	KANSAS CITY, MO	BACKFILL RENOVATION PROJEC	6.15	6.15	AVG	6.15	337	CLIN IMP	36	98	137
594066	LAKE CITY, FL	CONSTRUCT ADDN FLRS ON CLI	8.30	7.59	AVG	7.95	311	CLIN IMP	50	98	126
595063	LEBANON, PA	RENOVATE BLDG 19	11.32	12.96	AVG	12.14	177	NHC	18	98	11
595056	LEBANON, PA	CLINICAL IMPROVEMENTS BLDG	6.29	6.29	AVG	6.29	335	MODERN	50	98	136
597036	LINCOLN, NE	CLIN IMPROVEMENTS	12.66	12.66	AVG	12.66	159	MODERN	20	96	15
597049	LINCOLN, NE	CLINICAL PSYCHIATRY ADDITI	10.57	10.57	AVG	10.57	230	CLIN IMP	28	98	88
598206	LITTLE ROCK, AR	NEW DIETETIC KITCH./DINING	10.45	10.45	AVG	10.45	238	DIETETIC	2	98	98
598213	LITTLE ROCK, AR	PARKING STRUCTURE (DESN/CN	9.62	9.62	AVG	9.62	269	PARKING	8	98	104
598100	LITTLE ROCK, AR	NEW RESEARCH BUILDING (LA)	3.30	3.30	AVG	3.30	360	RESEARCH	27	98	147
599098	LIVERMORE, CA	CLINIC (IN-FILL) ADD'N DES	9.35	9.70	AVG	9.48	274	CLIN IMP	40	98	100
599099	LIVERMORE, CA	AMBULATORY CARE ADDITION	7.32	7.35	AVG	7.34	318	CLIN IMP	51	99	36
605066	LOMA LINDA, CA	CONSTRUCT RESEARCH/RADIATI	6.71	6.71	AVG	6.71	330	MODERN	49	99	41
600053	LONG BEACH, CA	CLINICAL/SCI/SEISMIC (DES)	16.19	16.19	AVG	16.19	36	SEISMIC	4	95	5
	LONG BEACH, CA	CLINICAL/SCI/SEISMIC (CONS	16.19	16.19	AVG	16.19	36	SEISMIC	4	97	4
600135	LONG BEACH, CA	SEISMIC/F&S/HVAC-8,3,3,7	14.53	14.53	AVG	14.53	80	MODERN	8	98	16
600100	LONG BEACH, CA	PARKING STRUCTURE	10.07	10.07	AVG	10.07	248	PARKING	6	99	27
600133	LONG BEACH, CA	CLINICAL ADDITION, 3RD FLO	6.99	6.56	AVG	6.78	328	OP IMP	19	99	40
898013	LOS ANGELES NAT CEM	CEMETERY IMPROVEMENTS	12.96		VACO	12.96	141	NCS GRAV	11	95	27
603037	LOUISVILLE, KY	120 BED NURSING HOME CARE	12.01	12.01	AVG	12.01	183	NHC	19	98	63
603049	LOUISVILLE, KY	CENTRAL A/C SYSTEM RETROFI	10.09	10.09	AVG	10.09	232	HVAC	18	96	16
604086	LYONS, NJ	100 BED PSYCHIATRIC BLDG &	17.30	17.30	AVG	17.30	12	ENVIRON	5	94	3
604096	LYONS, NJ	MODERNIZE WARD, 8-3C (DES)	14.65	14.93	AVG	14.79	72	NHC	6	95	16
	LYONS, NJ	MODERNIZE WARD, 8-3C	14.65	14.93	AVG	14.79	72	NHC	6	96	9
604137	LYONS, NJ	RENOVATE/FIRE SAFETY,BLDG.	10.69	17.49	AVG	14.09	90	F/S	2	99	10
604110	LYONS, NJ	PROVIDE HVAC,BLDG.1,3,5,6	13.55	13.20	AVG	13.38	120	HVAC	11	00	6
604113	LYONS, NJ	AMBULATORY CARE RENOVATION	12.84	13.67	AVG	13.26	126	OP IMP	8	98	29
604101	LYONS, NJ	70 BED DOMICILIARY	10.00	10.90	AVG	10.45	237	DOM	8	03	7
610136	MARION, IN	156 BED ACUTE PSYCHIATRIC	16.91	16.91	AVG	16.91	22	ENVIRON	7	97	3
610137	MARION, IN	OUTPATIENT ADDITION TO BLD	13.59	13.59	AVG	13.59	110	OP IMP	7	99	12
610130	MARION, IN	MODERNIZE BLDGS. 15,16 & 1	12.27	12.27	AVG	12.27	170	MODERN	23	01	5
611034	MARLIN, TX	CHAPEL/WAREHOUSE	9.97	10.06	AVG	10.02	251	MODERN	36	98	95
611027	MARLIN, TX	CLINICAL ADDITION	9.76	9.54	AVG	9.65	267	MODERN	39	98	102
612093	MARTINEZ, CA	MEDICAL CENTER REPLACEMENT	17.13	17.13	AVG	17.13	15	SEISMIC	2	94	4
612018	MARTINEZ, CA	120 BED NURSING HOME CARE	13.95	13.95	AVG	13.95	93	NHC	9	98	19

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RANKING AS OF 19-FEB-93

MAJOR CONSTRUCTION PRIORITIZATION SYSTEM
PROJECTS LISTED BY FACILITY NAME

PROJECT	FACILITY	TITLE	PLANNER		FINAL SCORE	OVL RANK	CATEGORY	CTGY RANK	FY	FY RANK
613053	MARTINSBURG, WV	REPL OLD 3DM BLDGS.	JACOBEL	AVG	11.30	311	DOM	7	98	77
610016	MASSACHUSETTS N CEM	GRAVESITE DEVELOPMENT (NCS)	GRAHAM	VACO	16.91	60	NCS GRAV	8	93	4
	MASSACHUSETTS N CEM	GRAVESITE DEVELOPMENT	GRAHAM	VACO	16.91	60	NCS GRAV	8	94	11
614011	MEMPHIS, TN	SEISMIC/MODERNIZATION CORR	SIMON	AVG	16.72	73	SEISMIC	6	95	37
	MEMPHIS, TN	SEISMIC/MODERNIZATION CORR	SIMON	AVG	16.72	73	SEISMIC	6	94	12
546070	MIAMI, FL	WAREHOUSE RELOC/EXPANSION	FLAHERTYP	AVG	9.97	254	MODERN	37	98	96
546020	MIAMI, FL	CLINICAL ADDITION	FLAHERTYP	AVG	9.35	280	CLIN IMP	41	98	112
546056	MIAMI, FL	R & D ADDITION	FLAHERTYP	AVG	7.30	316	RESEARCH	20	98	129
617025	MILES CITY, MT	AMBULATORY CARE ADDITION	MONK KIRK	AVG	9.17	283	OP IMP	14	98	113
695130	MILWAUKEE, WI	REPLACE HEATING STM	WINER	AVG	16.94	38	HVAC	4	98	8
695002	MILWAUKEE, WI	CONSTR SCI & CLIN ADMIN/SUP	WINER	AVG	12.44	160	MODERN	22	98	53
695153	MILWAUKEE, WI	RELOCATE TO 2ND FLOOR	WINE	AVG	9.78	262	CLIN IMP	37	92	3
695151	MILWAUKEE, WI	CONVERT HTGN PLANT TO STEA	WINE K	AVG	8.28	303	BOILER	8	91	13
695134	MILWAUKEE, WI	TOTAL REN/PRSS B-2	WINE	AVG	.00	361	ENVIRON	49	98	140
630093	MONTROSE, NY	PATIENT PRIVACY BLDG. 13	ORR	AVG	13.53	113	ENVIRON	29	98	25
	MONTROSE, NY	PATIENT PRIVACY BLDG. 13	ORR	AVG	13.53	113	ENVIRON	29	98	25
630094	MONTROSE, NY	PATIENT PRIVACY BLDG. 6	ORR	AVG	13.05	137	ENVIRON	34	98	35
630097	MONTROSE, NY	PATIENT PRIV. BLDG. 12	ORR	AVG	13.05	137	ENVIRON	34	98	35
630260	MONTROSE, NY	RENOVATE BLDGS 9 & 10 FOR	ORR	AVG	12.90	139	NHC	16	98	36
630061	MONTROSE, NY	AMBULATORY CARE & OUTPATIE	ORRD	AVG	10.02	250	OP IMP	13	98	96
621116	MOUNTAIN HOME, TN	RENOVATE BLDGS 2,3,5	KIRSCHT	AVG	13.30	117	MODERN	14	98	26
621115	MOUNTAIN HOME, TN	PARKING GARAGE	KIRSCHT	AVG	9.70	263	PARKING	7	98	101
623053	MUSKOGEE, OK	REPLACE BED BUILDING	BRIDGAN	AVG	15.09	42	MODERN	3	94	6
629001	NEW ORLEANS, LA	REGIONAL OFFICE/MRI/RADIAT	BRIDGAN	AVG	14.05	92	CLIN IMP	4	98	18
630036	NEW YORK, NY	PARKING GARAGE	ORR	AVG	13.33	116	PARKING	3	92	2
556095	NORTH CHICAGO, IL	120-BED NURSING HOME CARE	WINE	AVG	15.65	51	NHC	3	96	12
556102	NORTH CHICAGO, IL	INSTALL BOILER PLANT	WINE	AVG	9.93	256	BOILER	7	98	98
631054	NORTHAMPTON, MA	BUILDING 81 ADDITION	KIRK	AVG	14.93	65	MODERN	9	97	11
631003	NORTHAMPTON, MA	CONSTRUCT 3 N C U BLDG	NIEBLE	AVG	13.57	111	NHC	14	97	28
631094	NORTHAMPTON, MA	RENOVATE BLDG 26	NIEBLE	AVG	12.71	157	ENVIRON	39	98	45
631096	NORTHAMPTON, MA	RENOVATE BLDG 1	NIEBLE	AVG	11.11	238	CLIN IMP	25	97	20
631091	NORTHAMPTON, MA	RENOVATE BLDG 5	NIEBLE	AVG	8.35	300	HISTORIC	7	98	118
635056	OKLAHOMA CITY, OK	PARKING STRUCTURE	BENNER	AVG	12.74	155	PARKING	3	98	44
635035	OKLAHOMA CITY, OK	EXPAND RESEARCH ADDITION	BENNER	AVG	8.05	309	RESEARCH	19	98	124
636048	OMAHA, NE	CLINICAL ADDITION 2ND-3RD	MURPHY	AVG	10.30	305	CLIN IMP	34	95	33
640155	PALO ALTO, CA	SEISMIC CORRECTIONS,B-4	URBAN	AVG	17.35	11	SEISMIC	1	98	6
640130	PALO ALTO, CA	SEISMIC/PATIENT PRIV (ORB)	URBAN	AVG	16.40	30	MODERN	1	98	10
	PALO ALTO, CA	SEISMIC/PATIENT PRIVACY CO	URBAN	AVG	16.40	30	MODERN	1	99	3
640100	PALO ALTO, CA	(N)SEISMIC CORRECTIONS VAR	URBAN	AVG	16.30	35	SEISMIC	3	98	5
640042	PALO ALTO, CA	REPLACE CLINICAL/BED TOWER	URBAN	AVG	15.62	46	REPLACE	5	98	8
640136	PALO ALTO, CA	SEISMIC CORRECTIONS/RENOVA	URBAN	AVG	16.93	64	ENVIRON	16	98	15
640060	PALO ALTO, CA	100 BED DOMICILIARY	URBAN	AVG	13.13	134	DOM	6	98	33
640098	PALO ALTO, CA	RESEARCH BUILDING	URBAN	AVG	12.66	150	RESEARCH	6	98	44
640092	PALO ALTO, CA	NHCU RENOVATION/ADDITION	URBAN	AVG	6.05	335	NHC	38	96	137
641088	PERRY POINT, MD	NEW INTERMEDIATE CARE BLDG	NIEBLE	AVG	12.93	146	ENVIRON	38	98	38
641156	PERRY POINT, MD	NHCU ADDITION	NIEBLE	AVG	12.30	174	NHC	37	98	55
642001	PHILADELPHIA, PA	RENOVATION OF BUILDING 1	JACOBEL	AVG	15.27	54	MODERN	5	97	10
644012	PHOENIX, AZ	CLINICAL SERVICES ADDITION	HOLLYFIELD	AVG	13.51	116	CLIN IMP	7	97	32
644037	PHOENIX, AZ	PARKING STRUCTURE	HOLLYFIELD	AVG	11.60	196	PARKING	6	97	28
644036	PHOENIX, AZ	LAUNDRY BUILDING	HOLLYFIELD	AVG	10.39	263	LAUNDRY	6	90	92
644056	PHOENIX, AZ	REPL ATS	HOLLYFIELD	AVG	8.96	287	ELECTRIC	3	98	31
644050	PHOENIX, AZ	COLLOCATE VBA OFFICE	GRAHAM	VACO	6.01	330	VBA NEW	3	97	19
646050	PITTSBURGH(UD), PA	NEW PARKING FACILITY (UD)	BARNETT	AVG	11.42	207	PARKING	3	98	76
648073	PORTLAND, OR	CLINICAL BUILDING ADDITION	FRANCE	AVG	11.11	216	CLIN IMP	25	98	79

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PROJECT	FACILITY	TITLE	VACO SCORE	FIELD SCORE		FINAL SCORE	OVL RANK	CATEGORY	CTGY RANK	FY	FY RANK
648137	PORTLAND, OR	SEISMIC REINFORCING	6.37	6.37	AVG	6.37	334	SEISMIC	10	98	43
649107	PRESCOTT, AZ	HVAC, B-12,13 & 14	10.57	10.33	AVG	10.40	81	HVAC	8	95	9
649106	PRESCOTT, AZ	VOCATIONAL REHAB BUILDING	12.93	12.38	AVG	12.65	160	CLIN IMP	13	98	47
649105	PRESCOTT, AZ	NEW CLINICAL BUILDING	12.10	11.33	AVG	11.71	194	CLIN IMP	35	98	71
650071	PROVIDENCE, RI	AIR CONDITIONING & ENVIR.	16.35	16.35	AVG	16.35	33	HVAC	4	94	6
650073	PROVIDENCE, RI	RENOVATE BUILDING 31	9.56	9.56	AVG	9.56	271	ADMIN	1	94	18
650027	PROVIDENCE, RI	CLINICAL/ADMINISTRATIVE AD	9.00	8.61	AVG	8.81	333	CLIN IMP	54	98	135
304002	PROVIDENCE, RI 0390	COLOCATION	8.71		VACO	8.71	291	VBA RENO	1	94	21
654034	RENO, NV	CLINICAL/BED ADDITION	12.23	12.20	AVG	12.22	171	MODERN	14	95	20
654058	RENO, NV	EXPAND AMBULATORY CARE	9.03	9.03	AVG	9.03	318	OP IMP	14	98	125
654053	RENO, NV	EXPAND NHCU(60 BEDS)	9.93	9.93	AVG	9.93	269	NHC	15	98	118
653965	ROSEBURG, OR	120 BED NHCU	11.47	11.47	AVG	11.47	200	NHC	23	97	29
655043	SAGINAW, MI	BUILD NEW CLINICAL ADDITIO	11.30	11.30	AVG	11.30	210	CLIN IMP	23	97	32
658052	SALEM, VA	REN.PSYCH BLDGS 9,10,11 AND	14.52	14.52	AVG	14.52	77	ENVIRON	31	95	10
658090	SALEM, VA	REN. INCINERATOR & STEAM G	14.33	14.33	AVG	14.33	85	CLIN IMP	3	01	2
658070	SALEM, VA	100 BED NHCU	11.76	11.76	AVG	11.76	192	NHC	20	98	67
658071	SALEM, VA	REN PSYCH BLDG 8AND 12 ELEV	10.36	10.36	AVG	10.36	241	ENVIRON	41	98	70
659069	SALISBURY, NC	NEW CLINICAL ADDITION	13.06	13.06	AVG	13.06	163	CLIN IMP	16	98	51
659070	SALISBURY, NC	RENOVATE B2,GROUND,1ST AND	11.84	11.80	AVG	11.83	319	MODERN	32	98	31
660101	SALT LAKE CITY, UT	REHAB/CANTEEN CENTER	13.84	13.84	AVG	13.84	181	ENVIRON	36	98	31
660056	SALT LAKE CITY, UT	BACKFILL B-2	13.40	11.76	AVG	13.08	181	RESEARCH	3	98	40
660158	SALT LAKE CITY, UT	EXPAND OUTPATIENT/CLINICS	7.24	7.24	AVG	7.24	319	OP IMP	17	98	133
660157	SALT LAKE CITY, UT	CENTRALIZE OFF CAMPUS PROG	6.16	6.16	AVG	6.16	316	CLIN IMP	65	98	74
660200	SALT LAKE CITY, UT	CONSTRUCT OI/DS BUILDING	6.00	6.30	AVG	6.00	319	CLIN IMP	67	98	36
660154	SALT LAKE CITY, UT	RENOVATE BUILDING 5	5.26	5.26	AVG	5.26	344	DIETETIC	4	98	119
671061	SAN ANTONIO, TX	ENERGY PLANT AND RELOCATE	13.27	13.23	AVG	13.23	136	MODERN	10	96	17
671048	SAN ANTONIO, TX	EXPAND RESEARCH	10.27	10.65	AVG	10.46	236	RESEARCH	11	98	14
671049	SAN ANTONIO, TX	PARKING GARAGE	8.22	8.22	AVG	8.22	306	PARKING	11	98	53
671015	SAN ANTONIO, TX	CLINICAL/OUTPATIENT IMPROV	6.65	6.65	AVG	6.65	333	CLIN IMP	63	98	43
664103	SAN DIEGO, CA	SCI 2ND FLOOR ADDITION	11.81	11.81	AVG	11.81	191	CLIN IMP	19	98	68
664101	SAN DIEGO, CA	CRITICAL CARE CONSOLIDATIO	10.51	10.51	AVG	10.51	235	CLIN IMP	50	98	80
664102	SAN DIEGO, CA	AMBULATORY CARE EXPANSION	3.03	3.03	AVG	3.03	355	OP IMP	21	98	145
664104	SAN DIEGO, CA	RESEARCH BUILDING					373	RESEARCH	50	98	50
662100	SAN FRANCISCO, CA	NEW RESEARCH BUILDING	17.20	17.20	AVG	17.20	13	RESEARCH	1	97	3
662069	SAN FRANCISCO, CA	SEIS CORR & RENOV BLDGS 1,	8.70	8.71	AVG	8.71	292	MODERN	41	98	113
662099	SAN FRANCISCO, CA	RESEARCH AND EDUCATION BUI	1.96	1.96	AVG	1.96	359	RESEARCH	36	98	61
672003	SAN JUAN, PR	SEISMIC CORRECTIONS (EBB)	15.77	15.77	AVG	15.77	43	SEISMIC	3	00	3
	SAN JUAN, PR	SEISMIC CORRECTIONS	15.77	15.77	AVG	15.77	43	SEISMIC	3	01	1
672045	SAN JUAN, PR	OUTPATIENT ADDITION	14.13	14.20	AVG	14.17	88	OP IMP	4	98	13
672079	SAN JUAN, PR	SCIU/NHU/SICU ADDITION	13.33	13.33	AVG	13.33	122	ENVIRON	30	96	14
672041	SAN JUAN, PR	COGENERATING PLANT	10.90	10.43	AVG	10.67	230	ELECTRIC	7	98	84
906014	SANTA FE N CEMETERY	GRAVESITE DEVELOPMENT	14.91	14.91	AVG	14.91	66	NCS GRAV	7	95	15
663042	SEATTLE, WA	CONSTR ANIMAL RESEARCH BUI	12.51	12.51	AVG	12.51	163	RESEARCH	4	98	50
665135	SEPULVEDA, CA	LABORATORY ADDITION	11.03	11.11	AVG	11.07	210	CLIN IMP	38	01	6
665137	SEPULVEDA, CA	NHCU	8.45	12.60	AVG	10.53	233	NHC	30	01	7
665116	SEPULVEDA, CA	CO-GENERATION (ENERGY)	9.70	9.62	AVG	9.70	265	ELECTRIC	6	00	19
665030	SEPULVEDA, CA	CLINICAL IMPROVEMENTS BUIL	9.25	9.25	AVG	9.25	280	CLIN IMP	41	01	9
665077	SEPULVEDA, CA	CONSTRUCT RESEARCH BUILDIN	9.21	9.21	AVG	9.21	282	RESEARCH	16	01	19
665049	SEPULVEDA, CA	CONSTRUCT CANTEEN BUILDING	5.48	5.43	AVG	5.46	341	ADMIN	3	01	16
666050	SHERIDAN, WY	HVAC,PAT PRIV & SUPP STS		18.20	FLD	18.20	1	HVAC	1	94	1
666090	SHERIDAN, WY	PSYCH NURSING UNIT	17.90	17.90	AVG	17.90	5	ENVIRON	4	98	3
667043	SHREVEPORT, LA	CLINICAL IMPROVEMENTS	12.59	13.13	AVG	12.86	150	CLIN IMP	10	97	24
438037	SIOUX FALLS, SD	PATIENT PRIV/RETAIN BEDS	16.71	16.11	AVG	16.41	29	ENVIRON	10	03	3
438041	SIOUX FALLS, SD	RENOVATE B1-GROUND FLOORS	15.31	14.93	AVG	15.12	39	ENVIRON	15	03	3

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PROJECT	FACILITY	TITLE	VACO SCORE	FIELD SCORE		FINAL SCORE	OVL RANK	CATEGORY	CTGY RANK	FY	FY RANK
438016	SIOUX FALLS, SD	120 BED NURSING HOME CARE	15.30	14.09	AVG	14.70	75	NHC	7	96	11
438066	SIOUX FALLS, SD	RELOCATE SURGERY/PAR/ICU					348	CLIN IMP	63	93	11
668016	SPOKANE, WA	CLINICAL ADDITION,RENOVATE	12.16	12.16	AVG	12.16	176	CLIN IMP	14	93	58
656100	ST. CLOUD, MN	INFILL 9-1,3,4 - [illegible]	8.84	8.42	AVG	8.63	295	MODERN	63	93	4
657125	ST. LOUIS, MO	RENOVATE 8-50,PSYCH SVC. &	15.91	17.90	AVG	16.91	34	ENVIRON	7	97	3
657199	ST. LOUIS, MO	PARKING GARAGE(JC)	12.93	12.93	AVG	12.93	148	PARKING	2	98	40
657133	ST. LOUIS, MO	ADDITIONAL RESEARCH FACILI	8.78	10.45	AVG	9.62	246	RESEARCH	13	98	101
657110	ST. LOUIS, MO	RENOVATE & EXPAND MEDICAL					348	CLIN IMP	63	98	152
670055	SYRACUSE, NY	BOILER PLANT/TRASH INCINER	13.27	13.27	AVG	13.27	123	BOILER	3	98	30
670017	SYRACUSE, NY	MRI UNIT	8.99	10.71	AVG	9.85	248	CLIN IMP	35	90	18
670063	SYRACUSE, NY	RESEARCH ADDITION	9.47	9.56	AVG	9.52	266	RESEARCH	17	94	2
670035	SYRACUSE, NY	CLINICAL, SICU, PHARMACY,	8.60	8.03	AVG	8.31	307	MODERN	65	95	32
673066	TAMPA, FL	PASCO CO. OPC	11.66	11.66	AVG	11.66	197	OP IMP	4	98	31
673007	TAMPA, FL	100 BED SCI BUILDING/CENTR	12.71	12.77	AVG	[illegible]	[illegible]	MODERN	18	94	10
673013	TAMPA, FL	CLINICAL ADDITION/PARKING	13.10	13.10	AVG	13.10	171	REPLAC	35	95	30
673077	TAMPA, FL	CONSTRUCT ORLANDO OPC	11.32	10.97	AVG	11.10	217	OP IMP	21	98	69
674073	TEMPLE, TX	SURGICAL/INTENSIVE BED REPL	17.99	17.99	AVG	17.99	9	ENVIRON	4	98	1
674066	TEMPLE, TX	BED REPLACEMENT BUILDING	16.31	16.31	AVG	16.31	33	ENVIRON	11	96	5
674096	TEMPLE, TX	MEDICAL RESEARCH & DEVELOP			AVG	10.55	231	RESEARCH	10	98	87
101171	TEMPORARY PROJECT #	ALBANY-GRAVESITE DEVELOPME	17.00		VACO	17.00	19	NCS DEV	1	95	1
101169	TEMPORARY PROJECT #	CLEVELAND- GRAVESITE DEVEL	17.00		VACO	17.00	19	NCS DEV	4	95	4
101963	TEMPORARY PROJECT #	SEATTLE MAJOR NCS GRAVESIT	17.00		VACO	17.00	19	NCS DEV	4	95	4
101391	TEMPORARY PROJECT #	MIAMI-GRAVESITE DEVE (DSG)	16.31		VACO	16.31	37	NCS DEV	5	95	6
	TEMPORARY PROJECT #	MIAMI-GRAVESITE DEVELOPMEN	16.31		VACO	16.31	37	NCS DEV	5	97	5
101360	TEMPORARY PROJECT #	PITTSBURGH; MASTER P (DSG)	15.21		VACO	15.21	56	NCS DEV	6	95	11
	TEMPORARY PROJECT #	PITTSBURGH; MASTER PLAN/LA	15.21		VACO	15.21	56	NCS DEV	6	97	7
101390	TEMPORARY PROJECT #	DETROIT-GRAVESITE DE (DSG)	15.21		VACO	15.21	57	NCS DEV	7	95	12
	TEMPORARY PROJECT #	DETROIT-GRAVESITE DEVELOPM	15.21		VACO	15.21	57	NCS DEV	7	97	8
101363	TEMPORARY PROJECT #	OKLAHOMA CITY; MASTER PLAN	14.33		VACO	14.33	66	NCS DEV	8	97	13
101297	TEMPORARY PROJECT #	DALLAS/FT. WORTH- MASTER P	13.43		VACO	13.43	119	NCS DEV	9	94	16
676040	TOMAH, WI	MODERNIZE BLDGS 400,401,40	13.90	14.40	AVG	14.15	65	MODERN	9	97	13
677100	TOPEKA, KS	RENOVATE NURSING UNITS PT.	17.30	16.11	AVG	16.71	26	ENVIRON	3	96	3
677093	TOPEKA, KS	AMB.CARE BLD.,RAD.,SPD,DOM	9.31	9.08	AVG	9.19	305	CLIN IMP	47	98	121
677101	TOPEKA, KS	RENOVATE NURSING UNITS PT.					370	ENVIRON	5[illegible]	99	40
678087	TUCSON, AZ	MODERNIZE/BED ADDITI (DSG)	13.53	13.76	AVG	13.65	106	CLIN IMP	6	95	23
	TUCSON, AZ	MODERNIZE/BED ADDITION	13.53	13.76	AVG	13.65	106	CLIN IMP	6	97	19
678112	TUCSON, AZ	CONST. ORSCC R&D REPLACEME	13.53	13.41	AVG	13.47	110	RESEARCH	2	98	27
678075	TUCSON, AZ	CLINICAL IMPROVEMENTS BUIL	12.01	12.30	AVG	12.16	175	CLIN IMP	13	98	56
678141	TUCSON, AZ	REPLACE STEAM GENERATING P	10.54	10.54	AVG	10.54	232	BOILER	6	00	16
679076	TUSCALOOSA, AL	REN. BLDG. 2	9.59	9.59	AVG	9.59	270	ENVIRON	46	98	105
680090	TUSKEGEE, AL	120 BED NHCU (REPLACEMENT)	16.05	16.05	AVG	16.05	91	NHC	8	94	14
680077	TUSKEGEE, AL	ENCLOSE BSMT,1ST & 2ND FLR	8.43	10.51	AVG	9.47	275	CLIN IMP	41	98	109
685061	WACO, TX	RENOVATE BUILDINGS 1 & 7	12.76	12.76	AVG	12.76	156	MODERN	19	99	15
685079	WACO, TX	RENOVATE BLDGS. 9 & 91	8.39	8.39	AVG	8.39	299	P/G	4	97	36
685080	WACO, TX	RENOVATE BLDGS. 8 & 93	8.39	8.39	AVG	8.39	299	P/G	4	98	118
687066	WALLA WALLA, WA	CENTRAL HVAC BA6	17.41	17.38	AVG	17.40	10	HVAC	2	99	2
687049	WALLA WALLA, WA	NEW AMBULATORY CARE ADDITI	12.04	12.13	AVG	12.07	180	CLIN IMP	15	98	59
688098	WASHINGTON, DC	RENOVATE WARDS 3B, 3E, 4E	16.71	16.71	AVG	16.71	26	ENVIRON	9	00	1
688097	WASHINGTON, DC	RENOVATE 3C, 4D	15.13	15.13	AVG	15.13	55	ENVIRON	15	96	8
688131	WASHINGTON, DC	RENOVATE 2D/2C SOUTH		14.93	FLD	14.93	64	ENVIRON	18	97	10
688099	WASHINGTON, DC	RENOVATE WARDS 2D, 3D	14.33	14.33	AVG	14.33	67	ENVIRON	24	99	9
688001	WASHINGTON, DC	MAJOR FACILITY IMPROVEMENT	11.46	11.46	AVG	11.46	204	MODERN	25	95	32
688054	WASHINGTON, DC	CONST BOILER PLANT	8.10	8.10	AVG	8.10	308	BOILER	9	99	34
688100	WASHINGTON, DC	REMODEL CREDIT UNION, MODE	6.01	6.00	AVG	6.01	337	MODERN	40	00	33

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[illegible]	WASHINGTON, DC	ADDN TO R & D BLDG 4	[illegible]	[illegible]	AVG	[illegible]	[illegible]	RESEARCH	[illegible]	[illegible]	[illegible]
689029	WEST HAVEN, CT	AMBULATORY CARE ADDITION	[illegible]	[illegible]	AVG	[illegible]	[illegible]	OP IMP	[illegible]	[illegible]	[illegible]
689064	WEST HAVEN, CT	RADIOLOGY MODERNIZATION					[illegible]	CLIN IMP	[illegible]	[illegible]	[illegible]
[illegible]	WEST LOS ANGELES, C	LAUNDRY REPLACEMENT	[illegible]		VACO	[illegible]	[illegible]	LAUNDRY	[illegible]	[illegible]	[illegible]
[illegible]	WEST LOS ANGELES, C	CORRECT STRUCTURAL SEISMIC	16.72	16.72	AVG	16.72	74	SEISMIC	[illegible]	[illegible]	[illegible]
[illegible]	WEST LOS ANGELES, C	BUILDING 500 - UPGRADE F/S					[illegible]	F/S	[illegible]	[illegible]	[illegible]
[illegible]	WEST LOS ANGELES, C	ELECTRIC GENERATION					[illegible]	ELECTRIC	[illegible]	[illegible]	[illegible]
[illegible]	WEST LOS ANGELES, C	CONSTRUCT NEW RESEARCH BUI					[illegible]	RESEARCH	[illegible]	[illegible]	[illegible]
[illegible]	WEST LOS ANGELES, C	REMODEL B304 FOR RESEARCH					[illegible]	RESEARCH	[illegible]	[illegible]	[illegible]
[illegible]	WHITE CITY, OR	PATIENT WELLNESS CENTER	[illegible]	[illegible]	AVG	[illegible]	[illegible]	CLIN IMP	[illegible]	[illegible]	[illegible]
[illegible]	WHITE RIVER JCT, VT	BOILER PLANT & WAREHOUSE &	[illegible]	[illegible]	AVG	[illegible]	[illegible]	BOILER	[illegible]	[illegible]	[illegible]
[illegible]	WHITE RIVER JCT, VT	INSTALL MRI AREA	[illegible]	[illegible]	AVG	[illegible]	[illegible]	CLIN IMP	[illegible]	[illegible]	[illegible]
[illegible]	WHITE RIVER JCT, VT	INSTALL 3RD FLR AMB CARE B	[illegible]	[illegible]	AVG	[illegible]	[illegible]	OP IMP	[illegible]	[illegible]	[illegible]
[illegible]	WHITE RIVER JCT, VT	BUILDING 01 EXPANSION	[illegible]	[illegible]	AVG	[illegible]	[illegible]	CLIN IMP	[illegible]	[illegible]	[illegible]
[illegible]	WILKES-BARRE, PA	MEDICAL CENTER MODERNIZATI	[illegible]	[illegible]	AVG	[illegible]	[illegible]	CLIN IMP	[illegible]	[illegible]	[illegible]
[illegible]	WILKES-BARRE, PA	CORRECT DEFICIENCIES F/S E	[illegible]	[illegible]	AVG	[illegible]	[illegible]	CLIN IMP	[illegible]	[illegible]	[illegible]
[illegible]	WILLAMETTE NAT CEM	GRAVESITE DEVELOPMENT	[illegible]		VACO	[illegible]	[illegible]	NCS GRAV	[illegible]	[illegible]	[illegible]
[illegible]	WILMINGTON, DE	REPLACE A/C SYSTEM	16.37	16.37	AVG	16.37	68	HVAC	9	93	17

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Attachment to 6B

MAJOR PROJECTS IDENTIFIED FOR FY 1995 INVESTMENT FUND

MIS NUMBER	LOCATION/DESCRIPTION	DESIGN FUNDS	CONST FUNDS	SELECT A/E	SCHEMATIC DESIGN START COMP	DESIGN DEVELOP START COMP	CONST DOCUMENT START COMP	CONST START COMP	TOTAL ESTIMATED COST
523004	BOSTON AMBULATORY CARE ADDITION	95-IF	95-IF		01-FEB-94	01-MAY-94 01-SEP-94	01-OCT-94 01-MAR-95	01-JUL-95 01-JUL-97	$48,000,000
543005	COLUMBIA AMBULATORY CARE ADDITION	95-IF	95-IF		02-MAY-94	01-JUL-94 14-OCT-94	14-NOV-94 14-APR-95	11-AUG-95 10-OCT-97	$22,900,000
516103	FT. MYERS SATELLITE OUTPATIENT CLINIC	95-IF	95-IF		LEASE PURCHASE			15-MAR-95 15-JUN-96	$9,570,000
573019	GAINESVILLE AMBULATORY CARE ADDITION	90	95-IF	20-OCT-83 A	31-MAR-92 A	27-JAN-93 A 20-AUG-93 A	14-JUN-94 17-APR-95	15-AUG-95 26-MAR-98	$26,600,000
590064	HAMPTON AMBULATORY CARE ADDITION	95-IF	95-IF	25-JUL-86 A	31-MAY-88 A 14-JUN-90 A	29-AUG-90 A 15-JUL-94	25-SEP-94 15-MAY-95	15-AUG-95 15-JUL-98	$29,200,000
547002	ORLANDO AREA SATELLITE OUTPATIENT CLINIC/NHC	95-IF	95-IF	13-OCT-92 A	28-APR-94	10-AUG-94 06-FEB-95	10-FEB-95 02-JUL-95	31-AUG-95 25-JUN-97	$14,000,000
672045	SAN JUAN AMBULATORY CARE ADDITION	96	95-IF	01-DEC-86 A	19-AUG-88 A 02-FEB-89 A	27-AUG-90 A 15-MAR-94 A	09-MAY-94 16-AUG-95	23-JAN-95 15-JUN-99	$38,800,000
689029	WEST HAVEN AMBULATORY CARE ADDITION	94	95-IF	06-MAR-84 A	12-JUN-90 A 29-MAY-92 A	22-JUN-92 A 27-MAY-93 A	22-APR-94 18-JAN-95	23-JUN-95 26-JUN-98	$48,600,000

8 rows selected.

* The total cost of these projects - $237,670,000 - includes $12,788,000 prior year appropriations. The net request for the FY 1995 Investment Fund is $224,882,000.

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30-MAR-94                                  MAJOR CONSTRUCTION PRIORITIZATION SYSTEM
                                               DETAILED SCORING INFORMATION

Project: 648073      Location: PORTLAND, OR          (2DV)                         Category: RESEARCH
                        Title: RESEARCH BUILDING ADDITION

Scores - VACO:  10.25 as of 24-JAN-94          Planner: RINGERS                        Project Status
        Field:  10.03 as of 24-JAN-94                                                          Active: Y
    Committee:        as of              Field Contact: DELORES GAUSE                          Locked: N
        FINAL:  10.14 (AVG )                     Title: AA/DIR
                                                 Phone: 338-7200                     Last Update on: 24-JAN-94
                                                                                                 by: HEBBLE
Scoring Comments:
Project Remarks: PER S. RINGER 1/5/94

PLANNING BUDGET INFORMATION:

        Target                   Cost
          FY   Stage Status   (1000s)
        ------ ----- ------ ---------
          95    APP   PLAN
          98    CON   PLAN     25,000

SUMMARY SCORING INFORMATION:

              %of  Category Special Information/    Emph/ --- Weighted Scores --                  Est. Cost
        Category  Prj  Criteria Description         Wgt.    VACO   Field   Comm.  Total Sq. Ft.    (1000s)
        --------  ---  --------------------------- -----  ------- ------- ------- ------------- ---------

        RESEARCH  100  Y-ANIMAL LAB                 1.72   10.25   10.03              24350.00    16,100

                       MISSION                      5.50   55.00   55.00
                       PHYSICAL DEFICIENCIES        9.25   39.31   23.13
                       FUNCTIONALITY                7.25   60.42   72.50
                       SPACE DEFICIENCY             9.25   31.54   31.54
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CONGRESSMAN BOB STUMP

Medical Care

Question: 1. The challenge of meeting future needs are very real for VA. More than any other sector of American medicine, VA will be serving a rapidly aging population. By the year 2000 the number of veterans over the age of 65 will grow by two million to nine million veterans. What specifically are we doing to meet the needs of veterans for long-term-care? And, if you can be specific, how much money is being shifted to long-term care and how much will be converted under this budget?

Answer: VA operates a broad range of programs to serve the needs of aging veterans, both institutional, and community based. They include VA, community, and State Home nursing home care, geriatric evaluation and management, hospital-based home care, community residential care, domiciliary care, adult day health care, homemaker/home health aide care and hospice care. During FY 1993, a program of hospice care was expanded to all VAMCs, a program of homemaker/home health aide services was provided to veterans for the first time at 108 VAMCs and new geriatric evaluation and management programs were established at 15 VAMCs. VA, community, and State nursing home workloads increased significantly. Current emphasis is on integrating and coordinating these programs and services to ensure that patients receive the care and services needed, reducing program boundaries to the degree possible.

The FY 1995 budget proposes $2.1 billion for Geriatrics and Extended Care programs and services. This represents an increase of $142 million over the FY 1994 budget. Four hundred sixty hospital beds are targeted for conversion to nursing home care in FY 1995 (253 beds were converted in FY 1993, and 328 are targeted for the current FY).

Health Care Priority

Question: 2. You have stated on many occasions that VA's ability to compete in National Health Reform will rely on the ability of the Department to shift to expansion of its ambulatory care capacity. Yet, the 1995 construction authorization request includes inpatient expansions (Memphis, TN; Travis AFB, CA; Brevard County, FL). In fact, the only planned expansions in ambulatory care capacity is included in the Health Care Investment Fund which is directly tied to passage of the Clinton health plan. Isn't that in effect holding the veterans health care system hostage to a piece of legislation whose passage is questionable?

Answer: The projects included in the FY 1995 Major Construction authorization request concentrate on long-standing commitments for providing access to veterans in underserved areas with a growing population of older, lower income veterans such as in Florida and Northern California. These projects make use of a unique opportunity to realize economic savings of joint-venture sharing with DOD. Memphis corrects seismic safety deficiencies in an area of increased seismic activity. Neither the Travis or Memphis projects expand inpatient capacity. They replace prior or existing capacity, and at the lower level predicted to be required by the year 2005. The expansion of ambulatory care capacity is consistent with the goals of health care reform and VA is confident that health care reform will pass and that it will include an Investment Fund for VA.

Equipment Backlog

Question: 3. Current estimates place the VA medical equipment backlog at over a billion dollars. How will this shortfall in VA medical equipment be addressed in 1995?

Answer: Congress added $95 million to the President's 1994 budget request for VA's Medical Care replacement equipment. The effect of this increased 1994 funding level plus the increase in 1995 for inflation has resulted in a reduction to the 1995 replacement equipment backlog to approximately $700 million.

President's Health Care Reform

Question: 4. Does the President's health care reform envision any entitlement to VA health care?

Answer: HR 3600, the Health Security Act, expressly provides for continuation of the integrity of a health care delivery plan specifically for veterans. The bill envisions the preservation of a distinct program of care for veterans through changes to Title 38, U.S. Code, the statute that authorizes the existence of the VA and its program of benefits. HR 3600 would strengthen the VA's ability to provide care more efficiently by streamlining eligibility requirements; by expanding the pool of potential eligible participants to include veterans' dependents; and by providing VA access to alternative funding sources to support health care delivery. The veterans health program contained in H.R. 3600 will improve the VA's ability to provide care. There will be no reduction of medical benefits to veterans who currently receive them as now provided by law. Additionally, the range of services available to all veterans will be expanded.

Research

Question: 5. Your budget slashes VA's research program once again by $41 million and 830 FTEE. At the same time, your budget reduces major construction by $254 million. Yet, with a meager construction budget of $115 million the Department proposes two research facilities in Huntington, West Virginia and Portland, Oregon. How do you reconcile this apparent inconsistency in priorities of the Department?

Answer: The two research projects were included at the request of the Administration. Prior year appropriated funds are proposed for their funding. Both projects support our research mission.

Question: 6. What was the National ranking priority and individual score of each project? Please submit the documentation which demonstrates the national priority of these two research projects over other projects.

Answer: The National Integrated Project Inventory of 1991 is being provided. It shows the ranking of the Huntington project as 289 out of a total of 374 projects covering all Categories. A scoring summary is provided for the Portland project which was not listed in this inventory. A score was developed for this project.

Competitiveness

Question: 7. You have stated on many occasions that VA's ability to compete in National Health Reform will rely on the ability of the Department to shift to expansion of its ambulatory care capacity. Yet, $60 million of the total $115 million major construction dollars will go toward a new clinical addition of nearly 600 beds in Memphis, Tennessee. At a time when the Vice President is asking all government programs to cut back, how can the Administration reconcile requesting this particular project when so many other areas have no VA presence at all?

Answer: The Medical Center in Memphis, Tennessee, is the last facility in the second worst seismic zone in which buildings occupied by patients have not been reinforced to meet current seismic code. The project proposed for Memphis, Tennessee, is not a clinical addition but a replacement bed tower which represents the cost-effective way to provide seismic safety. This replacement structure is being built with 292 fewer beds, including only those projected for veteran need in the year 2005. Seismic safety in the two worst seismic zones has been and remains a high priority for VA.

Commitment to VA Competitiveness

Question: 8. At $500 million, the medical care increase is one-half the amount provided in any of the last four year's budgets. To show the Administration's commitment to making VA competitive, I'd thought VA would have doubled not halved spending for this critical account. What made VA decide to provide only $500 million above last year's care level, which is, of course, even less than the medical inflation index?

Answer: The medical inflation index is not an appropriate measure for the VA Medical Care program. Approximately 62 percent of VA medical care is the salaries and benefits of Federal employees. Another 4 percent is for the nonmedical-related costs (e.g., travel, utilities, printing). The Medical CPI is applied to only 33 percent of the Medical Care program that deals with medical supplies, medical equipment, drugs, etc.

The $500 million requested increase will allow VA to continue to offer high quality health care to our Nation's veterans at the same level of effort as in 1994, as well as open a new medical center in West Palm Beach, FL; five new nursing homes; and one new outpatient clinic.

Almost half of the 1994 increase was to cover higher payroll costs. Payroll costs will grow more slowly in 1995 than in 1994. Despite slightly higher inflation, the VA expects the combined payroll and inflation cost increases to be $133 million less in 1995 then in 1994. In addition to the net lower effect of payroll costs/inflation, the following details why the FY 1995 request is less than last year's current service requirement:

--Capital investments are lower than in FY 1994 and $51 million due to a non-recurring allowance in last year's budget.

--A Congressional one-time redistribution of $95 million for equipment purchases in FY 1994 is redirected in FY 1995 to help cover the cost of payroll and inflation.

--Real property rentals and lease cost increases will be less in FY 1995 than in FY 1994 by $90 million. There will be fewer new leases in FY 1995.

--Implementation of National Performance Review recommendations for electronic commerce and to eliminate VA supply depots will lower operating costs by $24 million in FY 1995.

--Implementation of the VA Inspector General's recommendations for addressing problems in the negotiation of community nursing home care and scarce medical specialists' contracts will lower costs by $37 million in FY 1995.

--Management improvements will reduce costs by $50 million. These initiatives are designed to restructure and reengineer operations and include replacing the regional structure with a more effective Veterans Service Area (VSA) concept; consolidating support and clinical functions; contracting out for services; collaborating with community health care providers; and reassessing the mission of all facilities.

Seismic Standards

Question: 9. The VFW in its testimony states that VA develops its own seismic standards and that they are always as high or higher than the private sector or state codes require. The Memphis project consumes 52 percent of VA's major construction budget for FY 1995. If VA's seismic codes were the same as the State of Tennessee would this project remain as VA's highest priority for funding? How much?

Answer: The State of Tennessee has incorporated the seismic code defined in the 1988 Standard Building Code (SBC), updated in 1991. Plus Tennessee has placed the state in seismic Zone 3. VA's seismic code is basically the same as what is described in the SBC. Memphis, though a less severe seismic zone than California, is still at risk. The Center for Earthquake Research and Information (CERI), of Memphis State University states that a damaging earthquake in the Memphis area has a high probability (40-60 percent) in fifteen years, and a very high probability (87-97 percent) in fifty years. Therefore, the Memphis project remains a high VA priority for Construction.

Question: 10. When was the last significant seismic activity in Memphis?

Answer: The new Madrid fault area, which includes Memphis, experienced an earthquake of 4.5 magnitude during the last week in January 1994. There has been increased seismic activity in this area, but it rarely rates national media attention. Experts predict that the repeat occurrence of a quake in excess of magnitude 8 is overdue and likely to happen by the turn of the century. The strongest earthquake in U.S. history occurred in this area in 1811. It was strong enough to ring church bells in Boston.

Question: 11. Local seismic potential may justify spending money to correct deficiencies, but how can this rank at the top of VA's national priorities when you have such significant activity in California now?

Answer: Memphis is the last hospital in the two worst seismic zones which has not been seismically reinforced. Most bed buildings in California hospitals have been seismically reinforced. The experience at Sepulveda is a demonstration that seismic reinforcement works. There was no loss of life or immediate building collapse.

State Grants

Question: 12. Will VA be able to fully fund all priority one Grants to states for the Construction of State Homes in FY 1994? If not, what projects will be affected and will that shortfall be carried over in FY 1995?

Answer: There were 45 priority group one projects on the August 15, 1993 Priority List. Three of those projects either have been or will be withdrawn by the States, leaving 42 priority group one projects for funding in FY 1994. It has been VA's experience that not all grants for State homes that are conditionally obligated for funding for a given fiscal year are actually fully funded in that year, as funding is contingent upon the State fulfilling the requirements for the grant within a 180 day time limit. Given past experience, it is uncertain that every State will meet the requirements for funding those projects within the set time frame. However, should the requirements be met, full funding in FY 1994 is available for 29 projects.

Assuming that the states meet all the necessary requirements, the following 13 priority one projects will be carried over to FY 1995: (dollars in thousands)

FAI 50-007	VT (Bennington)	Ren.+7 Dom Beds	$ 112
FAI 42-012	PA (Spring City)	Dietary NHC	3,808
FAI 25-032	MA (Holyoke)	Handcap ACC NHC	147
FAI 34-018	NJ (Menlo Park)	Fire Protec NHC	2,796
FAI 25-034	MA (Holyoke)	Asbestos NHC	139
FAI 25-035	MA (Holyoke)	Spinkl/Elec/NHC	307
FAI 25-036	MA (Holyoke)	Elec. Sys/NHC	456
FAI 55-019	WI (King)	Water Tmt/NHC	1,849
FAI 55-020	WI (King)	Ren Food Svs/NHC	975
FAI 44-004	RI (Bristol)	Gen. Ren. NHC	582
FAI 09-011	CT (Rocky Hill)	Life Safety Dom	995
FAI 38-005	ND (Lisbon)	Ren laun/bth Dom	110
FAI 25-037	MA (Chelsea)	Fire Alm.Com	761
Total:			$13,037

Master Veteran Record

Question: 13. Achieving the Master Veteran Record was a top priority of the Vice President's Performance Review. Why isn't there any mention of this effort, no specific money in this budget, and no line item to continue work on this worthy plan? What is the current status of the Master Veteran Record, what has been accomplished to date, and what does the future look like in fiscal year 1995?

Answer: Expenses in FY 1994 will be salary dollars for an estimated twelve FTE, half of which are from the Master Veteran Record (MVR) project office in the Office of Information Resources Management (IRM) that provides overall coordination and guidance for the Project. The remainder are from other program offices in IRM which recently completed the implementation of improvements with current computer systems. These individuals have now been assigned to participate in the technical design of the long term messaging solution for MVR.

The MVR is a new approach to managing veteran information that is shared by service providers; Veterans Health Administration, Veterans Benefits Administration, National Cemetery System, etc. The program is being implemented as a collection of short and long term improvements. VA has completed the MVR requirements study which documents eight specific requirements that must be achieved to deliver unified service to veterans. The study also outlines the design for the long term messaging solution which is a long term approach to unify service related to the changes in veteran status that affect multiple VA programs. This messaging solution is based on alert messages that notify various service provider organizations about changes in a veteran's status.

In FY 1994, a cross-organizational technical team will undertake design activities on the long term messaging solution. The FY 1994 milestones are as follows:

Develop alternatives analysis (6/30/94) - The alternative for how best to implement each of the eight requirements will be decided upon. In the case of three of the eight (bankruptcy, appeals, and medical treatment locations) short term alternatives have already been decided upon.

Develop benefits/costs analysis (6/30/94) - More precise estimates of benefits and costs will be prepared for each of the eight requirements.

Create logical design plan (9/30/94) - This milestone completes the technical design of the long term messaging solution. For example, standard message definitions between user computer systems will be specified.

Question: 14. In VA briefings with committee staff, VA has indicated that they don't have the in-house skills for complex computer integration and would therefore have to contemplate contracting out to make this project successful. How are you proceeding, at this time, to resolve that issue?

Answer: The capability and availability of in-house staff for integration to develop and implement a MVR may have been misunderstood or misrepresented in earlier VA committee briefings.

MVR is a new approach to managing veteran information that is shared by service providers. It is a programmatic issue entailing the exchange of information or messages concerning veteran status among dedicated computer systems in a timely manner. Currently, it is not a technically complex integration issue but rather a VA-wide venture to map the relationship of VA programs to changes in a veteran's status.

In FY 1994, working groups representing Department-wide interests are implementing several short term improvements within current computer systems as well as participating in the technical design of the long term messaging solution.

Expenses in FY 1995 will be predicated on the alternative technical design that is implemented for each increment of the long term messaging solution. Until the technical design is completed, it is difficult and premature to anticipate what resources will be required for development and implementation.

FTE

Question: 15. Regarding the reductions in employees serving VA programs, which could be as high as 27,000 over the next five years, it is my understanding that the decision on how large a reduction the Clinton Administration will take from VA is currently being considered by the Presidential Management Council. Do you know the timeframe for this decision making process? Who is assigned by VA to represent veterans interest in these discussions?

Answer: Discussions concerning employment reductions over the next five years are continuing. The timeframe for the decision making process is not known at this time. The Secretary has designated the Deputy Secretary to represent VA on the Presidential Management Council. However, the Secretary will be involved in any final decisions concerning streamlining targets, and will ensure that the interests of veterans are fully considered. All VA management officials who participate in the planning process will be mindful of the concerns of veterans, and will be responsible for ensuring that there is no adverse impact on the Department's service to them.

Question: 16. The VA's budget request for 1995 would reduce FTEs in the Veterans Benefits Administration by 622, "primarily as a result of workload reductions " relating to OBRA 1990. Which reductions are specifically related to OBRA 1990 and how are they related?

Answer: The FTE reductions specifically related to OBRA 1990 are 464. The table below outlines the actual/anticipated OBRA caseload and the 1993-1995 FTEE required to complete this caseload.

	FY 1993	FY 1994	FY 1995
Pension Income Verification	133,000	104,000	54,000
Medicaid/Nursing Home Care	90,400	30,000	28,000
Soc. Sec. No. Verification	0	410,000	60,000
Total C&P Cases	223,400	544,000	142,000
Total C&P FTEE	564	481	132

Workload from the pension income verification matches is dropping for two reasons: the VA pension rolls are shrinking and past matches have identified and resolved most problem cases.

Workload for the Medicaid/nursing home care provision was high in 1993 because we did a one-time review of _all_ surviving spouse pension cases in order to identify those subject to the $90 pension cap. Future caseloads will consist only of veterans and surviving spouses who become subject to this OBRA provision as they enter a nursing home or become Medicaid-eligible.

In 1994, we will complete our first social security number verification project. After this "clean-up," future matches should be comprised of cases that have come on to the VA rolls since the last match.

Question: 17. How can a 622 FTE reduction in the Veterans Benefits Administration be justified in light of the worsening trend away from the Department's timeliness goals on compensation and pension? From FY 1994 to FY 1996, timeliness would slip from 226 average days for completing a claim to 235 days, when the goal is 106 days. (VA's budget submission, Vol. 4, pg. 2-43) How is this situation to be turned around?

Answer: Most of the 622 FTE reduction (464) are "OBRA FTEE," that is,they were funded through the provisions of OBRA 1990 which permit VBA to use money from the

Compensation and Pension appropriation (as opposed to General Operating Expenses appropriation) to pay for FTE required to administer the OBRA-generated caseloads. When the OBRA caseload decreases, the "OBRA FTE" must be dropped correspondingly. This staffing cannot be used to process non-OBRA workload unless "regular" GOE funding is available to pay for them.

We are beginning to implement the Blue Ribbon Panel initiatives, which the Panel determined would improve claims processing timeliness. In brief, the Panel called for a review of the organization of the adjudication division with the objective of creating an expanded rating activity for the full control, development, rating and authorization of rating issues; this activity will include, where appropriate, rating technicians. The Panel called for timely and full development of five key Stage I Modernization initiatives, as well as enhancement to the AMIE system. The five are Claims Processing System, PC-based letters, Automated Reference Material System, Rating Board Automation, and finally, Control of Veterans Records System.

The Panel further called for improved training programs for key adjudication positions, including programs utilizing interactive computer-based training. It called for better and more timely C&P examinations; more active liaison with other government agencies that affect C&P claims processing, such as DoD and SSA; a thorough review of regulations, manuals and policies in order to refine them; and better communications with the veteran customer.

Besides the extensive Blue Ribbon Panel initiatives, there are other efforts being undertaken to alleviate the backlog. They include formal training by the Compensation and Pension Service presented at the VBA Academy facility in Baltimore or presented at the actual regional offices. Over the past year, for instance, the Compensation and Pension Service presented special training on the decisions of the Court and special rating issues directly to the rating board members of some 50 stations. A number of our regional offices are involved in reengineering initiatives in order to streamline the processing of claims. New York, Portland, Muskogee, Oakland and Jackson have taken the lead in this endeavor which is in concert with the goals of the National Performance Review. Once these initiatives have had sufficient time to mature and show positive results, we fully expect to export the initiatives or the successful elements of them to the other offices.

Current regulations require a VA medical examination for many disability claims but allow VA to accept a private physician's statement as the VA examination in certain situations. We published a proposed regulatory amendment in the Federal Register on February 1, 1994, which will increase the number of situations in which a private physician's statement may be accepted as a VA examination.

Current regulations provide that in order to establish his or her dependents, a claimant must submit a copy of the public record of marriage, birth, death or relationship certified over the signature and official seal of the person having custody of the record. As a result of a recommendation by the Blue Ribbon Panel, we have drafted regulations which will allow acceptance of photocopies as proof of relationship in most cases.

On the legislative side, we continue with our efforts to revise the statute requiring the issuance of an annual Eligibility Verification Report (EVR) to virtually all recipients of income-based benefits.

We believe that with all the income verification matches VA now conducts, we can maintain the integrity of the income programs while eliminating some 500,000 to 600,000 EVR forms annually, thereby freeing up the time of our claims examiners to process new or reopened claims, which are part of the backlog.

(NOTE: Volume 4, page 2-43, cites 235 days as the timeliness projection for FY 1995. We have assumed that the reference in Question 17 to FY 1996 was a typographical error.)

Board Of Veterans Appeals

Question: 18. The Board of Veterans' Appeals is to gain 3 FTE for FY 1995. VA officials have reportedly said that BVA processing time could be 2,500 days by the end of FY 1995. That's nearly 7 years! Can this be correct? If it is, how is this going to be addressed?

Answer: Legislation is currently pending that would, among other things: (1) amend the current statutory requirement that appeals be decided by panels of three members of the Board of Veterans' Appeals and permit appeals to be decided by single members of the Board; and (2) remove the current statutory cap on the number of board members. The changes this proposed legislation would bring about to BVA operations represent the best means available for improving BVA productivity and decision-making timeliness. We have estimated that the BVA would be able to decide approximately 25 percent more appeals in 1995, with the passage of this legislative proposal, than could be decided under the current three member panel configuration required by law. However, the full effect of single member decision-making in FY 1995 will only be realized if the legislation is enacted in a timely manner during the current Congress, allowing the Board to fully implement this major change to the administrative and professional work flow. In addition, BVA has recently implemented a series of primarily administrative initiatives designed to improve decision productivity and reduce response time. We are confident these initiatives will help improve BVA's decision production timeliness.

BVA has undertaken a series of initiatives designed to improve decision productivity and reduce response time. The following are short-term BVA measures for productivity and timeliness improvement.

Limited preparation of certified evidence lists to only those decisions in which a Notice of Appeal has been filed with the Court (implemented February 7, 1994).

Decreased collateral duties of board members (e.g., providing comments on reconsideration motions) to increase time for decision-making (implemented January 25, 1994).

Instituted revised decision production goals for board sections (implemented January 31, 1994).

Restricted BVA Quality Review returns of decisions to board sections to substantive matters only (implemented January 24, 1994).

Instituted a scheduling moratorium on new personal hearings in cases on appeal, to be effective following completion of hearings scheduled through April 30, 1994 - future hearings will be scheduled and held at a time proximate to when the case will be reached on BVA's docket.

Suspended plans to reduce the number of specialty jurisdictions assigned to individual board sections (implemented January 19, 1994).

Instituted, with the cooperation of the Veterans Benefits Administration, procedures for "advance docketing" of appeals. Under this procedure, cases in which a substantive appeal has been filed are placed on BVA's docket while the claims folders remain at the originating VA regional offices until BVA is ready to consider the cases in their order on the docket. This change will have several beneficial effects, one of which is to provide veterans and their representatives better access to official records and reduce the number of instances in which these records must be transferred between BVA and the VA regional offices (implemented February 1, 1994).

Revised BVA decision creation instructions to truncate the Introduction portion of decisions (implemented January 25, 1994).

Implemented a new performance plan for all BVA counsel, including a new standard on timeliness (implemented on test basis February 1, 1994 and scheduled to be fully implemented April 1, 1994).

Revised methods of case assignment to ensure that all cases are prescreened by a board member to provide guidance on case disposition prior to assignment to staff counsel for preparation of tentative decisions (implemented February 1, 1994).

The following measures consist of actions that will require more long-term implementation actions:

Explore and develop new incentives for exceptional performance and special contributions to the accomplishment of BVA's mission, including group incentive awards and performance awards for board members.

Review all staffing not directly associated with generation of BVA decisions to determine whether such positions can be combined, eliminated or changed to maximize allocation of personnel to board member and staff counsel positions.

Fundamentally re-examining the way BVA does business; develop and consider any and all changes that may enable BVA to more effectively meet the challenges posed by today's adjudication and appellate environment.

Secretary's Select Panel to be established to review BVA operations and the VA appellate environment to develop recommendations on administrative, regulatory and legislative changes needed to improve the appellate system.

Senator Rockefeller has introduced legislation mandating a comprehensive 18-month study of the VA adjudication and appellate systems by the Administrative Conference of the United States (ACUS) to review the impact of judicial review on the system and to help define where VA should go from here and how the system may be improved.

Insurance Programs

Question: 19. The approximately $29 million in administrative costs for insurance programs in FY 1995 would, for the first time, be paid directly from the programs excess revenues. (VA FY 1995 budget submission, VOL. 5, pp. 2-15 and 2-17). Is it correct that the VA is going to ask for a change in appropriations language to accomplish this? Hasn't a VA General Counsel's opinion raised legal questions about the proposal? How are these administrative costs to be funded if you are not allowed to tap the excess revenues?

Answer: The 1995 appropriation request includes a proposal to fund the Insurance Program's cost of administrative services with the programs excess funds.

VA's former General Counsel issued an advisory opinion regarding this proposal on June 11, 1992. The opinion indicated that amending 38 USC 1982 to pay administrative costs for certain life insurance programs out of excess program revenues would likely be unconstitutional. The opinion recognized, however, that the constitutional question could not be definitively resolved until it is ruled on by the courts. The underlying issues are close ones, and the resolution of them in a manner that differs from that reached in the opinion could lead to the conclusion that the proposal is constitutional. In point of fact, the General Accounting Office in a March 1992 report to the Senate Committee on Veterans' Affairs concluded that such a proposal would be constitutional. Accordingly, because the constitutional question has not been definitively resolved and because the proposal will result in a $136.3 million savings in the VA budget over the next five years, while resulting in only a $11 decrease in the annual dividends of each policyholder, we have proposed amending section 1982 to permit excess program funds to be used to pay administrative costs.

If this legislation does not pass, VBA would be required to reduce payroll and nonpayroll by a total of $29.4 million. Because so many of our nonpayroll costs are fixed, we would not be able to reduce those costs in the same manner in which we have planned for reimbursement. The burden of the reduction would transfer to payroll and ultimately an FTE greater than the 546 in 1995.

Compounding that problem is our contractual obligation to our insurers and their beneficiaries. The program will still have to be sustained at a reduced operating level. Other programs will have to contribute resources to offset the shortfall. Service to veterans in all programs will suffer if this proposal is not funded or if it is challenged once enacted.

Question: 20. The Clinton Budget submission proposes to fund the cost of administrative services with the program's excess revenues. Hasn't a VA General Counsel's opinion raised legal questions about the proposal, and how are these administrative costs to be funded if you are not allowed to tap the excess revenues?

Answer: VA's former General Counsel issued an advisory opinion regarding this proposal on June 11, 1992. The opinion indicated that amending 38 USC 1982 to pay administrative costs for certain life insurance programs out of excess program revenues would likely be unconstitutional. The opinion recognized, however, that the constitutional question could not be definitively resolved until it is ruled on by the courts. The underlying issues are close ones, and the resolution of them in a manner that differs from that reached in the opinion could lead to the conclusion that the proposal is constitutional. In point of fact, the General Accounting Office in a March 1992 report to the Senate Committee on Veterans' Affairs concluded that such a proposal would be constitutional. Accordingly, because the constitutional question has not been definitively resolved and because the proposal will result in a $136.3 million savings in the VA budget over the next five years, while resulting in only a $11 decrease in the annual dividends of each policyholder, we have proposed amending section 1982 to permit excess program funds to be used to pay administrative costs.

VOC Rehab

Question: 21. The Vocational Rehabilitation and Counseling Program is to loose 29 FTE when nearly every measurement of service is showing a decline. (VA FY 1995 Budget Submission, Vol. 4, pp. 2-74 and 2-78). How is this situation to be turned around.

Answer: The goal of VA's Vocational Rehabilitation and Counseling Program is to provide the highest quality of counseling and rehabilitation services to eligible veterans and their dependents that our resources can permit. The success of the VR&C program can be demonstrated by the 3,624 veterans who were rehabilitated during 1993. These veterans averaged a 375 percent increase in salary after completing the program, and will be contributing over $74 million in state and federal taxes each year. Every effort will be made to place resources in the areas that have the greatest need.

Question: 22. How will reducing FTE reverse the decline in service?

Answer: Every effort will be made to provide veterans with the best service possible using in-house FTE and a heavy emphasis on providing services by qualified contractors. Resources will be placed in areas that have the greatest need. Additionally, work groups have been established which focus on reengineering -- how we do business -- in the Veterans Benefits Administration. This will ultimately result in better services to our veteran customer.

Home Loan Guaranty Program

Question: 23. Would you give me a sketch on how the increased home loan fee, promoted by the Clinton Administration and established under the Omnibus Budget Reconciliation Act of 1993, is being used to help veterans programs?

Answer: The Administration and Congress have made a commitment to reduce the Federal Budget Deficit. Funding for the services and benefits administered by VA has been restricted to contribute to this effort. The funding fee increase reduced the cost of providing the home loan benefit and, therefore, made additional resources available for other critical needs.

National Cemetery System

Question: 24. In previous years NCS experienced a considerable equipment backlog that affected the maintenance of the cemeteries. I am concerned that we not slip back into these conditions. How does the 1995 budget request affect operation and maintenance of the cemeteries?

Answer: It is true that with the 1994 actual and 1995 requested funding levels the replacement equipment backlog will begin increasing again. While this is not a positive development, the conditions to which you refer were due to a number of factors including limited funding for maintenance and repair requirements, very severe weather conditions, as well as the backlog of replacement equipment. Since that time we have been able to increase funding for maintenance and repair projects, and in 1995 funding for maintenance and repair will remain at a level which is over two and one half times the level of 1991 funding. We will also be adding 25 FTE at the national cemeteries in 1995, funding for which must take a higher priority than replacement equipment needs given the growing workloads at the cemeteries. We have also learned much from the weather related problems of several years ago. We have accordingly made adjustments to our operations so as to reduce the likelihood that the conditions to which you refer will arise again.

Homelessness

Question: 25. As VA chief, you have targeted assistance to homeless veterans as one of your key priorities. In the panoply of assistance programs aimed at helping homeless people, how do programs run by VA measure up against the raft of other Federal programs? Are VA programs more effective at delivering aid that truly hits the root cause of homelessness than the basic shelter programs?

Answer: It is difficult to compare the effectiveness of VA specialized homeless programs with those of other federal agencies because VA is the only agency that systematically evaluates the results of its large-scale efforts to help the homeless. Since their inception, the Homeless Chronically Mentally Ill (HCMI) and Domiciliary Care Homeless Veterans (DCHV) programs have been evaluated and monitored by the Northeast Program Evaluation Center (NEPEC) in West Haven, Connecticut. For example, a NEPEC study of the clinical impact of the HCMI program showed that eight months after assessment, HCMI program participants had substantial and highly statistically significant gains in health status, social adjustment, housing, and access to VA health services. Psychological distress was reduced by 21-25 percent; substance abuse was reduced by 40 -50 percent; employment doubled; and 73 percent had been removed from homelessness for at least 90 days at the time of their final follow-up interview. Findings regarding the DCHV program are strikingly similar. Evaluation data show that while receipt of VA services is associated with significant improvement, the most effective of these services are those which are the most expensive, involving inpatient or residential treatment.

Experts believe that the root causes of homelessness relate to structural changes in the country during the 1980s; the declining value of public support; the declining income of low income Americans; and the epidemics of crack cocaine and AIDS. Experts also agree that certain individuals are placed at high risk for homelessness. The most important risk factors are being male, aged 35-44, being a minority race, having substance abuse or psychiatric disorders, and having a history of incarceration.

Some of VA's specialized homeless programs address the impact of the structural causes of homelessness. For example, the outreach programs which link veterans with veterans' benefits and Social Security Administration; and the HUD-VA Supported Housing program, which combines HUD's Section 8 vouchers and VA case management, both address these issues. However, the main thrust of VA's homeless programs is to address the personal vulnerability of individual veterans. VA's high-quality psychiatric and substance abuse treatment is readily available to homeless veterans. Perhaps more important than traditional treatment arrangements are those that tailor services to homeless veterans. VA does not wait for homeless veterans to come to its doors, it seeks them out on the street. It does not just offer talk, it offers a full range of services, including health care, work, housing, and benefits.

Question: 26. Most studies indicate that veterans make up over one-third of the adult male homeless population. Yet in looking at the money appropriated for McKinney Act homeless programs, I note that the VA receives less than 5 percent of that spending. Since one-third of the homeless are veterans, why doesn't VA request a proportional amount of funding as provided under the Stewart B. McKinney Homeless programs?

Answer: Approximately one third of the adult homeless population are veterans, which means that about 25 to 30 percent of the entire homeless population are veterans. Although, VA's specialized assistance programs for homeless veterans receives less than five percent of total McKinney Act funding (and less than five percent of the slightly larger total of all Federal homeless assistance funding), homeless veterans also have access to assistance from other Federally funded homeless assistance programs.

Put simply, homeless veterans are eligible for any homeless assistance that is available to similar non-veterans. For example, single homeless male veterans (over 95 percent of all homeless veterans are male) are eligible for the same benefits and assistance as single homeless male non-veterans. In addition, the homeless veterans are also eligible for various types of VA benefits and health care. For example, homeless veterans with health problems are eligible for assistance from VA's specialized homeless programs.

Similarly, providers of services for homeless veterans may apply for funding from all of the non-veteran specific Federal homelessness assistance grants programs. In this way, non-VA Federal homeless assistance funding can end up supporting programs that exclusively serve homeless veterans. VA does not have any precise data as to what portion of non-VA Federal

McKinney Act grants go to providers of services to homeless veterans.

Providing VA with a proportion of total McKinney Act funding equal to the percent of veterans in the homeless population would ignore the fact that homeless veterans are eligible for assistance from regular homeless programs and that homeless veteran providers are eligible for McKinney Act grant funding from HUD and other agencies. At the same time, it is critically important to make sure that homeless veterans are not discriminated against by providers of services to the general homeless population and that homeless veteran providers enjoy equal access to McKinney Grant funding and equal consideration by the grantor agencies.

Indeed, VA's homeless assistance programs provide special, additional assistance to homeless veterans above and beyond what they receive in their communities from non-VA homeless assistance programs.

Question: 27. Included among the more than 20 programs authorized under the Stewart B. McKinney Homeless Assistance Act are two programs administered by the VA; the Homeless Chronically Mentally Ill program and the Domiciliary Care for Homeless Veterans program. Since the establishment of the McKinney programs in 1987, has VA ever received a proportion of the money appropriated for McKinney Act homeless programs? Please provide a chart comparing the funds provided annually to the VA homeless programs and the funds provided yearly to the McKinney Act programs.

Answer: Total McKinney Act and VA McKinney Act Funding (Fiscal Years 1987-1995) [In Millions of Dollars]

	1987	1988	1989	1990	1991	1992	1993	1994	1995
Total McKinney Act	490.2	267.6	600.6	509.1	681.8	800.4	927.7	1196.8	1450.5
VA Mc-Kinney Act	25	13	23.7	30	31.5	33	44.45	55.42	56.36
VA Percent	5.1%	4.9%	5.9%	5.0%	4.6%	4.1%	4.8%	4.6%	3.9%

[FY 1995 = Presidents Budget Proposal]

Note: The amounts in these two charts do not include the $8 million in supplementary appropriations to VA homeless programs (outside of the McKinney Act) made in FY 1994 and proposed for FY 1995. Including these amounts would increase both the VA and total McKinney Act totals for fiscal years 1994 and 1995, and raise the VA percentages to 5.2 percent in FY 1994 and 4.4 percent in FY 1995.

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CONGRESSMAN CLIFF STEARNS

Construction Management

Question: 1. It is my understanding that the Department Of Veterans Affairs (VA) is seeking to acquire the Orlando Naval Hospital (NAVHOSP), which is scheduled for closure next year, and that the VA plans to convert NAVHOSP into a clinic and nursing home facility. NAVHOSP is a modern four story, full service hospital with over 210,000 square feet of space in the central hospital facility. It is my understanding that the VA plans to totally convert the second floor's operating rooms to renovate the facility for nursing home rooms. The facility was designed to accommodate as many as 170 beds. The hospital was built with expansion capabilities of adding two additional floors. The fourth floor of the facility is currently configured to handle 45 beds; Therefore, two additional floors could accommodate as many as an additional 90 beds for a total hospital capacity of 260 beds.

Has the VA explored the possibility of adding the two floors to NAVHOSP and utilizing the structure as a VA hospital instead of or in addition to the selected site for the East Central Florida VA Hospital? Wouldn't it be more cost effective to expand and use NAVHOSP Orlando as a VA hospital and build a separate nursing home facility than to build an entirely new hospital somewhere else in East Central Florida?

Answer: VA did a feasibility study of the effective use of this facility and determined that even with vertical expansion the NAVHOSP would not provide the bed capacity needed. This facility will however accommodate the projected outpatient and nursing home care needs of veterans in this catchment area.

Question: 2. Last year's defense bill contained a provision which allows for the transfer of personal property at a closing military facility to a reuse effort at no cost to the transferee if said personal property is not needed for a military use. The Class III property inventory for the NAVHOSP (which includes medical gear, office equipment and operating room equipment) is valued at $12.8 million.

Could the VA take advantage of this change in the law to acquire the medical equipment located at the NAVHOSP should the VA decide to maintain the facility as a hospital? As a clinic? As a nursing home? Which would be most cost effective for the VA and be the best reuse of NAVHOSP and its equipment? Wouldn't there be a substantial savings to the VA in hospital equipment acquisition if NAVHOSP were used as a hospital instead of converting it to a clinic and nursing home?

Answer: Included in the VA's evaluation of the naval training center hospital for possible acquisition, with the Navy's assistance, VA has inventoried the existing equipment (not needed for military use) for possible procurement. VA could reuse the vast majority of the Navy's excess equipment both in the clinic and the new hospital. If this equipment could be procured at no cost, it would be a terrific benefit to veterans and a substantial savings to the taxpayer. VA would enthusiastically take advantage of this opportunity. VA appreciates the Navy's cooperation in this effort.

Question: 3. If the VA uses the NAVHOSP as a VA hospital, couldn't the adjacent barracks, totaling nearly 22,000 square feet be converted to a nursing home facility?

Answer: The barracks are conducive to being retrofitted as a domiciliary for housing ambulatory veterans so they can function in an independent environment. However, the barracks could not be cost effectively retrofitted for use as a skilled nursing home care unit for medical care. VA nursing homes are specialized facilities with demanding handicap accessibility standards and support space requirements. Half the nursing home bedrooms need air, oxygen, and vacuum outlets. All bedrooms and bathrooms must be wheelchair accessible (approximately 32 percent larger than a domiciliary bedroom). Required support functions include dietetics and dining room facilities, recreation and rehabilitative services, physical and occupational activity areas, speech pathology, and pharmacy support space. Also, the inclusion of a 30-bed psychogeriatric ward requires additional support space.

Question: 4. If the VA uses the NAVHOSP as a VA hospital, and the barracks as a domiciliary, could the VA utilize the excess acreage around NAVHOSP to build a nursing home facility much more cost effectively than building a new hospital?

Answer: VA plans to convert the barracks to a domiciliary and the NAVHOSP to an extended care facility and outpatient clinic. The NAVHOSP facility is not large enough to accommodate the number of VA beds needed.

Question: 5. With the current budget constraints imposed upon the VA system in general and the entire federal budget, funding for a new East Central Florida Hospital could potentially be delayed. According to the current schedule, the Hospital would not be operational for at least six to seven years.

In order to provide quality health care to veterans during this period, has the VA considered the possibility of maintaining the NAVHOSP as an "interim" hospital while funding and construction takes place on an East Central Florida Hospital, thus taking advantage of the infrastructure already in place as well as the medical equipment that is located at NAVHOSP?

Answer: Using the naval hospital as an interim hospital does not fit VA's plans for the East Central Florida area. Relocating an expanded outpatient clinic and nursing home initially at the naval training center hospital satisfies two urgent needs for the VA in the Orlando area - more clinic space and new VA nursing home beds - in a cost effective, timely manner. VA could contract with the community for acute care services not provided at the VAMCs Tampa and Gainesville. A recent VA survey showed that of the 8,435 licensed community nursing home beds in East Central Florida, only 105 beds were both available and suitable for VA use. A 120-bed state veterans nursing home was recently opened in Volusia County (November 1993). Taking community beds and state nursing home beds into consideration, VA projects a deficit of 324 nursing home beds. This need will be met by the 120 beds to be provided in the NAVHOSP and 120 bed nursing home to be constructed in Brevard County.

Question: 6. It is my understanding that the East Central Florida Hospital will have a percentage of beds dedicated to the specialty treatment of psychiatry. Upon completion of the Hospital, the needs of the growing veterans population in this community, coupled with the increased role the VA will assume in providing health care to veterans under the Clinton Health Security Act, which has been embraced by Secretary Brown, may require that VA maintain additional general care beds than those provided for in a new East Central Florida VA Hospital.

As a result of this, has the VA looked at the possibility of maintaining NAVHOSP as an "interim" hospital initially and then maintaining the facility as a hospital permanently to deal with the growth in this area of veterans needing general hospital care?

Answer: As stated earlier, NAVHOSP is needed to meet the critical need for nursing home beds in East Central Florida. This need is not an "interim" need.

Question: 7A. Has VA looked at engaging in a joint use arrangement with the Navy to provide medical care to a portion of the military retiree population that is now served by the NAVHOSP? If not, why?

Answer: Yes. VA currently provides numerous services to the Navy through sharing agreements. VA is prepared to work with the Navy to assure a smooth transition of the Naval Hospital to VA control. This would involve a gradual phasing out of Navy activities and personnel with VA moving in during the transition. We anticipate that VA would provide some services to military retirees and their beneficiaries through these sharing agreements throughout the transition period. Similarly, the Navy could provide care to veterans where a particular function remains staffed by Navy personnel.

Question: 7B. Can VA and the Navy enter into such an agreement to "share" the facility and provide the needed services to both eligible veterans and the military retirees now served by the NAVHOSP?

Answer: Yes. VA could expand its current sharing agreements with the Navy. If VA acquires the Naval Hospital, we would anticipate sharing the facility with the Navy during the transition period with both Departments' beneficiaries receiving health care under one roof. Once the Navy is completely moved out of the Naval Training Center, the treatment of retirees and their dependents will be through CHAMPUS. Of course, some retirees with dual eligibility will be treated as veterans by VA.

Question: 8. Has the VA considered adding the two additional floors to the hospital and design those floors to be the nursing home while maintaining the current hospital as either a small scale facility to complement a new East Central Florida Hospital or to convert to a total nursing home after completion of a new East Central Florida Hospital at some other location?

Answer: VA did a feasibility study of the effective use of this facility and determined that even with vertical expansion the NAVHOSP would not provide the bed capacity needed. This facility will, however, accommodate the projected outpatient and nursing home care needs of veterans in this catchment area.

COMMITTEE ON VETERANS AFFAIRS
SUBCOMMITTEE ON EDUCATION, TRAINING, AND EMPLOYMENT

HEARING ON: ____________________

QUESTIONS FOR THE RECORD
MR. FRANCIS M. RUSH, JR., OASD/RA
MARCH 10, 1994

Question 14. The Subcommittee has been told that the primary reason overpayments occur in the chapter 106 program is the complicated process by which information regarding participants is obtained and transmitted to the Defense Manpower Data Center. What is being done to streamline the data-gathering process for chapter 106 participants?

Answer: A great deal has been done in this area, but there are still variances between components. Improved automation, such as RCAS, is needed, but business processes can also be improved. In August 1993, the Assistant Secretary of Defense for Reserve Affairs initiated a comprehensive Corporate Information Management Business Improvement Project on the Montgomery GI Bill for the Selected Reserve. This major effort is intended to assist us to improve the total process of managing the program. The data-gathering process for Chapter 106 was thoroughly documented during the final workshop which concluded on March 25, 1994, and analysis of the information collected will begin immediately. Preliminary findings suggest that the Services have taken several initiatives to provide more timely input into their systems and to pass it up to their own central database. We have also identified the need to pass eligibility information from some Reserve Components to DMDC more frequently. This is harder to manage for those components that do not yet have automated connectivity from unit level to the component's central data base. We expect to continue to make good progress in this area.

Question 15. Problems often occur with GI Bill eligibility when an individual transfers from one Selected Reserve component to another. What steps are being taken to improve this situation? Are individuals who are transferring routinely told to expect an interruption in their education assistance benefits?

Answer: Problems do sometimes occur when an individual transfers from one Selected Reserve component to another or from one State in the Army National Guard to another. There are a variety of reasons why this may happen. For example, counselors advise members that a delay in reestablishing eligibility can occur if they know an individual is leaving. Unfortunately, sometimes the member does not advise the losing unit that he or she is leaving until after they have left.

During our business process improvement effort, we have identified an initiative that may go far toward correcting this situation and provide the components the ability to transfer members without an erroneous termination of benefits. We are looking at the feasibility of establishing a temporary reporting code to tell the VA that a member has transferred from the Selected Reserve of one Reserve component to the Selected Reserve in another component. This temporary code would only be authorized for eligible members when the losing unit can certify the member's acceptance into another component for service in the Selected Reserve. Assuming this approach proves feasible, the completion date will depend on analysis of costs for necessary system changes.

We have also received approval [illegible] a Corporate Information Management Project to help us find more general solutions to the accountability problems that are encountered when a member transfers from one Reserve component to another. Improvement of the data flow on transferring members would have far reaching effects on all aspects of the personnel management of members who transfer between components.

Question 16. What standards are used to determine when a reservist becomes an unsatisfactory participant for chapter 106 purposes?

Answer: Service Secretaries determine when a Reservist becomes an unsatisfactory participant. The DoD standard is a maximum nine unexcused absences in any 12 month period. In the Army National Guard and Army Reserve, a member is an unsatisfactory participant if they accrue nine unexcused absences in a year, or an unexcused annual training. In the Naval Reserve, a member is declared an unsatisfactory participant if the member has six unexcused absences in a progressive year, does not attend annual training for the fiscal year, or is discharged for misconduct. A member is declared an unsatisfactory participant in the Air National Guard if they accrue nine unexcused absences in a year, does not attend AT or other required training, or is separated for misconduct. In the Air Force Reserve, a member's commander determines when a member becomes an unsatisfactory participant or performer. A member is also declared an unsatisfactory participant after they accrue 5 unexcused absences if they possess a bonus Air Force Specialty or 8 unexcused absences and their commander concurs they are unsatisfactory participants.

Question 17. Each Service Secretary has the option to impose and collect a penalty if an individual participating in chapter 106 fails to participate satisfactorily in the Selected Reserve. What decisions have the Secretaries made regarding this option? What guidance are you giving them regarding the imposition and collection of these penalties?

Answer: The Navy is the only Service currently collecting penalty payments for members who fail to participate satisfactorily in training before they complete their six year service obligation. The other Services could not establish recoupment procedures until the Navy test program could overcome the significant administrative difficulties that arise when one Department collects funds paid out by another and where the individual typically receives repayment requests from both Departments, one for overpayments and one for penalties.

The Navy has recently overcome a major stumbling block in this process. They have been able to establish a procedure to obtain VA certification of the amounts paid to each individual. The VA can only certify the amounts paid, however, after the member has paid back any overpayments to the VA. Such overpayments occur when an individual is presumed to be eligible, receives benefits, and later is discovered to be ineligible, or receives incorrect levels of payment. It takes approximately one year for the individual's account with the VA to be settled before the VA can provide the certified amount to the Navy.

We are evaluating the Navy's recoupment program in detail in conjunction with our ongoing business improvement project. We will be determining whether the Navy's process is workable in all Reserve components and if it is cost effective. Upon completion of this analysis in June of this year we will be able to advise the Services on how to proceed.

COMMITTEE ON VETERANS' AFFAIRS
SUBCOMMITTEE ON EDUCATION, TRAINING AND EMPLOYMENT
MONTGOMERY GI BILL
10 MARCH 1994
LTG THOMAS P. CARNEY, U.S. ARMY
DEPUTY CHIEF OF STAFF FOR PERSONNEL

QUESTION 1: As you know, each Service Secretary has the option of imposing and collecting a penalty if an individual participating in the chapter 106 program fails to participate satisfactorily in the Selected Reserve. Is your service collecting these penalties? If not, why not?

ANSWER: A penalty repayment situation arises when eligible soldiers earn and receive benefits, but later fail to participate satisfactorily in training before they complete their six year service obligation.

By law, collection of these funds is at the option of the Service Secretary. The Army has chosen not to collect funds from these soldiers for several reasons.

The Department of Veterans' Affairs, rather than the Department of the Army or the Defense Finance and Accounting Service, makes the initial payments to soldiers. Therefore, it is difficult for the Army to know the exact amounts paid to individual soldiers, and therefore how much to collect. Only recently has the Department of Veterans' Affairs been able to certify amounts paid to these soldiers making it feasible to collect.

The cost effectiveness of this type collection has been in question. Additional personnel are required to figure the amount of collection, to prepare the collection documents, and to enter additional codes into the data base. Early in the life of the program, the economic feasibility of collecting these funds was in question.

The Department of Defense is conducting a business analysis for the chapter 106 program, and part of that analysis will determine the economic feasibility of performing these collections. If it is economically feasible, the Department of the Army will institute collections according to future instructions provided by the Department of Defense.

COMMITTEE ON VETERANS' AFFAIRS
SUBCOMMITTEE ON EDUCATION, TRAINING AND EMPLOYMENT
MONTGOMERY GI BILL
10 MARCH 1994
LTG THOMAS P. CARNEY, U.S. ARMY
DEPUTY CHIEF OF STAFF FOR PERSONNEL

QUESTION 2: Regarding the effectiveness of the chapter 106 program as a recrutiment and retention tool --

* What percentage of new enlistments were for six years in fiscal years 1984, 1988, 1991-1994?

* For those same years, what percentage of new recruits were high school diploma graduates? What percentage were in the upper mental categories?

ANSWER: The following table reflects available data in response to the question for the Army National Guard and the U.S. Army Reserve.

% 6-YR	**FY84**	**FY88**	**FY91**	**FY92**	**FY93**	**FY94**
ARNG	46.2%	76.9%	68.1%	83.4%	89.1%	90.3%
USAR	50.1%	93.6%	96.8%	98.6%	98.3%	98.3%
% HSDG						
ARNG	68.8%*	87.4%*	65.5%	83.2%	85.4%	84.8%
USAR	81.8%	94.2%	94.5%	98.3%	95.1%	97.9%
% Upper Mental Categories						
ARNG	NA**	51.0%	48.6%	57.7%	60.1%	56.4%
USAR	50.4%	70.6%	64.6%	75.4%	74.0%	67.6%

* ARNG HSDG totals include GED (Tier II) totals for FY84 and FY88.

** Prior to FY86, ARNG did not test all enlistees at MEPCOM test sites. Test categories IIIA and IIIB were not separated.

COMMITTEE ON VETERANS' AFFAIRS
SUBCOMMITTEE ON EDUCATION, TRAINING AND EMPLOYMENT
MONTGOMERY GI BILL
10 MARCH 1994
LTG THOMAS P. CARNEY, U.S. ARMY
DEPUTY CHIEF OF STAFF FOR PERSONNEL

QUESTION 3: I have some concerns about the accuracy of GI Bill data. What is the current error rate in your Service? What steps are you taking to improve this error rate?

ANSWER: The Army has about 300,000 records (28% of the total Army records) on the Defense Manpower Data Center (DMDC) database which have codes of UNKNOWN for the Montgomery GI Bill (MGIB). We must make a determination whether these people enrolled, disenrolled, or are not eligible for MGIB. About 183,000 of these records are people on active duty (47,000 officers and 136,000 enlisted). We must take measures to prevent recurrence as well.

The Army is currently conducting research to determine the source(s) of this problem. We know that some of the records are Vietnam-Era GI Bill (Chapter 34) soldiers who were automatically converted to MGIB by law and should not be coded as UNKNOWN on the DMDC database, yet they are. There are likely VEAP-era soldiers similarly coded UNKNOWN. We suspect most of the UNKNOWNs are former reservists who entered active duty and never received MGIB in-processing since they did not process through a reception battalion. We know officers have received inconsistent MGIB inprocessing in the past, so many are not coded resulting in an UNKNOWN status. We have asked DMDC to run various tests to find other correlations for the UNKNOWN records such as a particular reception battalion or time period.

We have initiated reports on officer inprocessing and reemphasized MGIB briefings for officers which should handle most of that problem. We are currently working with the Personnel Information Systems Command (PERSINSCOM) to automatically code INELIGIBLE officers (Academy or Reserve Officer Training Corps Scholarship after 31 December 1976) as such, in the future, and for all those currently in the database. We must do in-depth research in conjunction with DMDC to determine if a problem exists with previous Reserve Component members. These actions will prevent records being coded UNKNOWN in the future and clean up some of the UNKNOWNs already in the database. The Army has established a plan to find the remaining UNKNOWNs, after these other corrections have occurred, by working with DMDC to get Social Security Numbers of those still on active duty. We will check finance and personnel records of these individuals to determine their true MGIB status and code them correctly.

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SUBCOMMITTEE ON EDUCATION, TRAINING AND EMPLOYMENT
MONTGOMERY GI BILL
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LTG THOMAS P. CARNEY, U.S. ARMY
DEPUTY CHIEF OF STAFF FOR PERSONNEL

QUESTION 4: Please compare your recruitment quality statistics for the first quarter of fiscal year 1994 with the first quarter of fiscal years 1989 thorough 1993. Please include the number and percentage of recruits in each mental category (I, II, IIIb, IV).

ANSWER: The Active Component (AC) enlisted recruitment quality statistics by Test Score Category (TSC) for the first quarters of fiscal year (FY) 89-94 are shown in the following tables.

	FY 89		FY90		FY91	
	#	%	#	%	#	%
HSDG	19556	90.8	18475	89.3	24793	96.9
TSC I-IIIA	14073	65.4	12980	62.7	18337	71.7
TSC IV	2330	10.8	826	4.0	388	1.5
I	875	4.1	742	3.6	1030	4.0
II	7138	33.2	6301	30.5	9423	36.8
IIIA	6060	28.1	5937	28.7	7884	30.8
IIIB	5129	23.8	6883	33.3	6858	26.8
IV	2330	10.8	826	4.0	388	1.5
TOTAL NP	21532		20689		25583	
	FY 92		FY93		FY94	
	#	%	#	%	#	%
HSDG	16419	100.0	17025	93.8	13492	94.1
TSC I-IIIA	12509	76.2	11916	65.6	9438	65.8
TSC IV	0	0.0	755	4.2	351	2.4
I	869	5.3	727	4.0	617	4.3
II	6401	39.0	5960	32.8	4800	33.5
IIIA	5239	31.9	5229	28.8	4021	28.0
IIIB	3910	23.8	5485	30.2	4548	31.7
IV	0	0.0	755	4.2	351	2.4
TOTAL NP	16419		18156		14337	

Although, the quality of first quarter (1st QTR) FY94 accessions statistics are significantly lower than that of 1st QTR FY91 and 92, they appear to be slightly better than those achieved in the 1st QTR of FY93. However, the FY94 accession mission of FY94 is only 70,000 as compared to the initial FY93 accession mission of 83,400 (later reduced to 76,900 in the President's Budget Submit). This larger FY93 mission mandated that a greater percentage of non-quality soldiers be accessed in the 1st QTR of FY93 when compared with the 1st QTR FY94. Therefore, the Army has been able to better spread the front-loading of its non-quality recruits in FY94 over 1st and 2nd QTRS.

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QUESTION 5: If the percentage of recruits who are high school diploma graduates in the upper mental categories is reduced, what will be the effect on attrition and indiscipline in your Service?

ANSWER: The Congress, the Office of the Secretary of Defense (OSD), and the military services have for many years recognized the need to enlist adequate numbers of quality recruits. Quality recruits are defined as those individuals who possess two important attributes; a High School Diploma (HSDG), and a score i the upper half of the Armed Forces Vocational Battery (ASVAB) (Test Score Category (TSC) I-IIIA). Over a decade of research has substantiated that quality recruits clearly outperform recruits in lower TSCs. Empirical data also clearly establishes that the HSDGs have a much lower first term attrition rate than non-graduates.

Research has continually shown that quality recruits have much lower indiscipline rates than non-quality soldiers. For example, the Army Research Institute (ARI) data shows that non-HSDGs have more than twice the Article 15 rate than quality soldiers. An analysis of the Military Entrance Processing Command data reveals that TSC IV applicants have more than twice the positive drug rate than that of TSC I-IIIA soldiers. Since the Army began steadily increasing the quality of its recruits in the early 1980s, the overall Army indiscipline rates for Absence without Leave (AWOL), Desertion, Courts-Martials, Article 15s, and drug usage has greatly declined. These improved indiscipline rates positively increase unit morale, cohesiveness, and ultimately, unit combat effectiveness.

As the Army continues to downsize, pressure will increase for our soldiers to "do more with less". At the same time, the technology of the modern battlefield will place increasing demands on our soldiers. We must continue to recruit a high proportion of quality soldiers, or our attrition and indiscipline rates will increase, resulting in a less effective combat force. Recruitment of quality individuals for our Army is a cost-effective means by which we can insure we maintain our posture as the most effective fighting force in the world.

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QUESTION 6: Recruiters have told us that they don't have enough money for pamphlets and other hand-outs. They say that this makes their job much harder. Have you requested additional advertising funds? What was your advertising budget during fiscal years 1989 through 1994?

ANSWER: The success of Army recruiting during the years since the advent of the All Volunteer Force has always relied heavily on a robust advertising campaign. However, the Army has taken significant reductions in recruiter resources in the past five years. In Fiscal Year (FY) 1994 dollars, the active component (AC) recruiting, advertising, and examining budget is almost 40 percent below the FY89 level. Although recent advertising budget reductions have reduced the percentage of total investment in some collateral advertising items, advertising expenditures for Recruiter Publicity Items (RPI), such as brochures and handouts, have increased in the past four years. Since FY90, the U.S. Army Recruiting Command (USAREC) has spent an average of 4.6 percent of its advertising budget for printing RPI's. FY94 expenditures for RPI's is 30 percent more than FY90. In an attempt to better manage limited advertising resources, USAREC recently consolidated many of its recruiting messages into fewer RPI's. Although this has resulted in a smaller variety of RPI's, there are still sufficient numbers of handouts in the Army inventory to assist recruiters with informing prospects of Army opportunities. With the recent downward trend in youth positive propensity toward military service, an adequately resourced advertising program is critical to successful recruiting. Advertising provides the means to counter growing media and public perception that downsizing no longer makes the Army a relevant choice for our nation's youth and that the Army has significantly reduced enlistment opportunities. In that regard, the Army redistributed an additional $10 million for this year to advertising resources, raising the FY94 advertising budget to $39.9 million. The Army will reprioritize resource requirements and to fund an additional $3.1 million for advertising this year to help recruiters during the summer months. The Army's active enlisted advertising budget for the past five years, in FY94 constant dollars are: FY89 -- $73.9M; FY90 -- $71.9M; FY91 -- $48M; FY92 -- $39.2M; FY93 -- $33.6M; FY94 - $39.9M.

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QUESTION 7: How much was spent on recruitment bonuses in fiscal years 1991, 1992, 1993, and the first quarter of 1994? Do bonuses attract a different kind of young person than those attracted by GI Bill benefits?

ANSWER: The following dollar amounts was spent on recruitment bonuses in fiscal years (FY) 1991, 1992, 1993, and the first quarter of 1994:

FY	**1991**	**1992**	**1993**	**1994(1st Qtr)**
	27.300M	10.632M	11.049M	4.072M

Enlistment bonuses generally attract people who are skill-oriented as opposed to college-oriented, but also attract people who have attended college and have unique skills such as bandsmen and linguists. The latter group often qualify for and choose the Loan Repayment Program linked with an enlistment bonus. One of these incentives without the other does not induce these people to join the Army while the two combined form a popular package which is necessary to gain the interest of these highly skilled people.

The bonuses attract people to specialties in which they otherwise might not have enlisted. Bonuses acquire people for longer enlistments in skills that might not correlate to civilian occupations, thereby reducing turbulence, enhancing readiness, and laying a foundation for a quality enlisted career force. In conjunction with increased recruiting efforts, compensation increases, and other enlistment incentive packages, the bonus has played and will play an important part in channeling quality personnel into critical skills.

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QUESTION 8: We're concerned about the quality of pre-separation counseling related to GI Bill benefits. Public Law 101-510 requires individual counseling about education and other benefits. Are all your separating personnel receiving individual counseling? What about those who are separating from overseas or from a ship? What information about education benefits is given to separating service members?

ANSWER: All separating soldiers must see a counselor at the local Army Education Center to receive veterans' education benefits counseling. They receive general information in the Transition Briefing lecture, then receive information tailored to their particular circumstances from the Education Services Counselor in the one-on-one session. The education counselors inform separating and retiring soldiers about GI Bill education benefits, including minimum time-in-service requirements, special transition assistance enrollment opportunities (if applicable) what types of training those benefits can be used for, how to apply using the appropriate forms, and the time limit for use of benefits. The counselors can advise soldiers on GI Bill benefits, but they have no authority to provide the actual benefit determination. They inform the soldiers that the Department of Veterans' Affairs will determine their eligibility and dollar amounts.

The education benefits counseling is only one part of a comprehensive transition assistance program the Army operates for all separating soldiers and officers, in the states or overseas. Each counseling is documented to provide an audit trail.

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QUESTION 9 I'm pleased the Army, Navy, and Marine Corps are making use of their "kicker" authority and have instituted "College programs". Are the funding levels for these programs increasing or decreasing? How many recruits were enrolled in your "College program" during fiscal years 1992, 1993, 1994? How many do you plan to enroll in fiscal year 1995? The maximum kicker is now $800 Is that adequate or should it be increased?

ANSWER The funding levels are increasing for the Army after three consecutive years of paying no funds into the Department of Defense Education Benefits Trust Fund. In fiscal years (FY) 1990 thru 1992, the Army paid zero funds due to overfunding in prior years based on the Actuary Board's per capita rates. In FY 1993, we provided $7 8 million, and we have budgeted $37 1 million for FY 1994.

Enrollment figures follow

FY	1992	1993	1994*	1995*
Enrollees	26,074	20,238	18,300	19,600

* = projected

The maximum kicker currently used is $433 per month ($15,600 total over 36 months) which combined with the GI Bill allows a total of $833 33 per month ($30,000 over 36 months). Therefore, the maximum kicker allowed by law at this time is adequate.

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QUESTION 10: Why is the propensity to enlist dropping so drastically? How is your Service attempting to counteract this situation?

ANSWER: The recruiting environment of fiscal year (FY) 93 was particularly challenging as our potential recruits seemed to be less inclined to choose Army service. The 1993 Youth Attitude Tracking Study (YATS) results show a foreboding continuation of reduced propensity to enlist among Army prospects. Positive propensity to join the Army for 16-21 year-old males has fallen more than 37% during FY90-93. Widely publicized downsizing has caused prospects to question why the Army is still recruiting, whether the military can provide job security after enlistment, and whether the Army will remain relevant in the 1990's. In addition to these environmental pressures, Army recruiting has had significant resource reductions over the past several years, particularly in advertising.

Determining why propensity to enlist in the Army is continuing to fall for most of our prospective recruits, and implementing solutions to reverse this alarming trend, is a major challenge to the future success of our quality Army. General Sullivan has commissioned a study group which is currently addressing these extremely important and complex issues. Without quality people, we cannot have a quality Army!

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QUESTION 11 I understand that it takes 60 to 90 days for DoD to update the DoD MGIB screen The VA tells us that this screen often does not reflect the Army College Fund Consequently, the veteran is underpaid for several months Are you aware of this problem? If so, what is being done to correct it?

ANSWER Normally, it takes 21 to 30 days to update the Department of Defense (DoD) Montgomery GI Bill (MGIB) screen If finance records must be researched to determine if the soldier or veteran contributed the $1,200, then it can take longer, usually 30 to 45 days The Army did have a problem last fall with updates taking 60 to 90 days when finance records needed to be researched but we resolved that problem by the end of the calendar year 1993

The Army answers individuals with Army College Fund, or "kicker" problems within 1 to 3 weeks either fixing the problem or asking the individual to provide proof of the claimed kicker amount Depending on the individual's response time, such problems can take 4 to 6 weeks to resolve Additional time elapses before the DoD MGIB screen is updated due to cyclical computer runs, which generally occur weekly

We are aware that there are records in the database which reflect the wrong kicker amounts The Army's Education Incentives Branch submits 100-200 corrections weekly to the DoD database at the Defense Manpower Data Center We are researching the audit trail for these codes to determine the source(s) of the problems with kickers, looking at the various automated systems involved and their edits of the kicker and term of service data

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QUESTION 12: Are there any legislative changes to the GI Bill you would like us to consider?

ANSWER: We have no recommended changes at this time. We urge you to carefully consider any future changes that might impact on its obvious success as a recruiting incentive. Any change must maintain the program as a major incentive for quality youths to join the military.

House Veterans' Affairs Committee
Subcommittee On Education, Training And Employment
VADM Ronald J. Zlatoper
Deputy Chief of Naval Operations for
Manpower, Personnel and Training
March 10, 1994

Question 1: As you know, each Service Secretary has the option of imposing and collecting a penalty if an individual participating in the Chapter 106 program fails to participate satisfactorily in the Selected Reserve. Is your service collecting these penalties? If not, why not?
Answer: In accordance with Title 10, United States Code, Chapter 106, if a Navy Selected Reservist participating in the Reserve Montgomery GI Bill (RMGIB) program fails to meet drilling requirements, any monies already collected under this program are recouped.

The Navy has identified 1,900 non-satisfactory Selected Reserve participants for recoupment of RMGIB monies. The potential amount which could be recouped is $3.8 million of which $767,873 has been identified to date for collection.

Question 2: Regarding the effectiveness of the chapter 106 program as a recruitment and retention tool, (1) What percentage of new enlistments were for six years in fiscal years 1984, 1988, 1991-94? (2) For those same years, what percentage of new recruits were high school diploma graduates? (3) What percentage were in the upper mental categories?
Answer: (1) Since 1 June 1984, 100 percent of all new non-prior service Naval Reserve enlistments have been for eight years. Prior to 1 June 1984, initial enlistment and minimum service obligation was for six years.

(2) High School Diploma Graduates: 1984=81%; 1988=92.3%; 1991=93%; 1992=96.2%; 1993=95.2%; and FY 1994 to date=95.4%.

(3) Upper Mental Groups: 1984=63%; 1988=76.4%; 1991=75.6%; 1992=74.7%; 1993=76%; and FY 1994 to date=74.8%.

Question 3: I have some concerns about the accuracy of GI Bill data. What is the current error rate in your Service? What steps are you taking to improve this error rate?
Answer: The current error rate for Navy Montgomery GI Bill (MGIB) data at the Defense Manpower Data Center (DMDC) is 8%, which is below the Department of Defense's goal of 10% by the end of FY 1994. The vast majority of the Navy's "unknown" eligibility codes are comprised of members who have declined the MGIB or were originally ineligible and therefore do not affect the payment of benefits.

The Navy's MGIB Customer Service Office at the Bureau of Naval Personnel, which includes a full-time program analyst, monitors the accuracy of the MGIB data and recommends programming changes for improvement. Several recent changes have been implemented which have dropped the error-rate for FY 1994 to date to zero percent.

The Navy has added on-line correction capability which allows this office to make instantaneous corrections to the DMDC and Navy databases. This office has also acquired direct access to the Department of Veterans Affairs "TARGET" database system in order to cross-check the accuracy of all data. Finally, the Navy operates a toll-free "1-800" hotline which handles calls from individual sailors and veterans who have concerns about their specific circumstances.

Question 4: Please compare your recruitment quality statistics for the first quarter of FY 1994 with the first quarter of fiscal years 1989 through 1993. Please include the number and percentage of recruits in each mental category (I, II, IIIa, IIIb, IV).

Answer: Accession quality (does not include prior service or recruits from the Philippines) is as follows:

MG	1Q 94	1Q 93	1Q 92	1Q 91	1Q 90	1Q 89
I	652	597	511	511	821	828
	5.5%	4.9%	9.3%	4.2%	4.6%	4.9%
II	4,894	4,452	2,350	4,144	5,829	5,819
	41.2%	36.9%	42.9%	33.8%	35.1%	32.4%
IIIA	3,047	3,026	1,205	2,916	4,314	4,114
	25.6%	25.1%	22.0%	23.8%	26.0%	22.9%
IIIB	3,300	4,002	1,416	4,483	4,176	5,281
	27.7%	33.1%	25.8%	36.6%	25.1%	29.4%
IV	0	0	0	190	1,479	1,904
	0%	0%	0%	1.6%	8.9%	10.6%
Total	11,893	12,077	5,482	12,244	16,619	17,946

Question 5: If the percentages of recruits who are high school diploma graduates and are in the upper mental categories are reduced, what will be the effect on attrition and discipline in your Service? It has been asserted that the Armed Forces do not need a large number of high quality recruits. What is your response to this assertion?
Answer: During this period of downsizing in the military and the budgetary cutbacks, it only makes good economic sense to recruit the highest quality accessions possible. Several studies have shown that smart kids have the lowest attrition rates, have lower training costs with higher success rates, have less disciplinary problems, provide a broader base of quality for higher-tech schools, have greater "promotability", are more able to assimilate multiple skill training, are more versatile and easier to retrain if necessary, and lead to greater fleet readiness through higher performance on the job, lower equipment failure, and less down time. The bottom line is that high quality recruits cost less and save the Navy money.

Question 6: Recruiters have told us that they don't have enough money for pamphlets and other handouts. They say that this makes their job much harder. Have you requested additional advertising funds? What was your advertising budget during fiscal years 1989 through 1994?
Answer: Additional advertising funds were addressed and requested for FY 1994 during the 1995 DON Budget submission (July 1993) and just recently during the FY 1994 mid-year review (March 1994). The recruiting advertising budgets in then year dollars are as follows:

FISCAL YEAR	ADVERTISING BUDGET (TY$, $000)
1989	$19,360
1990	$25,142
1991	$16,564
1992	$14,394
1993	$15,598
1994(1st Qtr)	$24,489

Question 7: How much was spent on recruitment bonuses in fiscal years 1991, 1992, 1993, and the first quarter of 1994? Do bonuses attract a different kind of young person than those attracted by GI Bill benefits?
Answer: The GI Bill is offered to all enlistees. For recruits to take the Navy College Fund, they must sign up for the GI Bill and enter a hard-to-fill skill. As an alternative, enlistment bonuses are also offered to recruits who take selected jobs that are undermanned in the fleet or who agree to take selected jobs during difficult recruiting months. Both incentives are important in meeting critical skill requirements. Enlistment bonus statistics are as follows:

FISCAL YEAR	NUMBER	ENLISTMENT BONUS TY$, $000
1991	5,089	$18,800
1992	6,948	$18,420
1993	4,610	$13,282
1994(1st Qtr)	1,100	$ 4,000

Question 8: We're concerned about the quality of pre-separation counseling related to GI Bill benefits. Public Law 101-510 requires individual counseling about education and other benefits. Are all your separating personnel receiving individual counseling? What about those who are separating from overseas or from a ship? What information about education benefits is given to separating service members?
Answer: Commanding Officers must ensure that separating service members have been counseled on their educational benefits and the advantages of joining the selected reserves. This counseling will optimally be completed 180 days prior to the separation of the member, but shall not occur less than 90 days prior to separation. Documentation of this counseling is kept as a part of the member's permanent record.

Command Career Counselors are responsible for advising separating members of their entitlements and assisting them in identifying pre-separation subject areas in which they desire counseling. The Command Career Counselors then direct the separating members to the primary or secondary points of contact for each subject area.

The primary point of contact for GI Bill benefits is the command's Educational Service Officer (ESO). If this service is unavailable, the member will be sent to the nearest Navy Campus Office, the Atlantic/Pacific Fleet Career Information Team (CARIT) or in cases where the command is deployed abroad, the Command Career Counselor will provide the requested information.

Service members are advised of their enrollment status in the Montgomery GI Bill (MGIB) and how and where to apply for educational benefits. In addition, previously ineligible members who have become eligible due to their type of discharge will be advised of how they can enroll in the MGIB.

In addition, the MGIB Customer Service "1-800" hotline is widely advertised to the fleet. Members receive information and counseling on their eligibility and benefits when they call.

Question 9: I'm pleased the Army, Navy, and Marine Corps are making use of their "kicker" authority and have instituted "College Programs". Are the funding levels for these programs increasing or decreasing? How many recruits were enrolled in your "college program" during fiscal years 1992, 1993, 1994? How many do you plan to enroll in fiscal year 1995? The maximum kicker is now $800. Is that adequate or should it be increased?
Answer: To assist the Navy Recruiting Command in their effort to recruit quality college bound youths, the Navy is in the process of expanding the Navy College Fund to sustain recruit quality and avoid shortfalls. The Navy plans to do this by increasing the amount of benefits paid and the number of recruits allowed to enroll.

The Navy is planning to raise the kicker amount from the current level of $400/month to $433.33/month. This will increase the total educational benefit (including Montgomery GI Bill) from $28,800 to $30,000.

The Navy College Fund was offered to approximately 2,000 recruits per year for fiscal years 1992 through 1994. The Navy plans to increase this number to 10,800 recruits per year starting in fiscal year 1995 are under review. This number will include recruits who obligate for three years in sea-intensive rates which are classified as difficult to fill. Navy College Fund enrollment is as follows:

FISCAL YEAR	NAVY COLLEGE FUND QUOTAS	SOLD
1992	2,000	1,985
1993	2,000	1,997
1994	1,965	770 accessed through Feb 944 in Delayed Entry Pool-1st Qtr 251 unsold

Question 10: Why is the propensity to enlist dropping so drastically? How is your Service attempting to counteract this situation?
Answer: Several studies are being proposed to try to determine the reasons for the drastic drop in propensity to enlist. Some possible explanations for the drop in propensity include: Navy has been off national network television since 1990 due to reduced advertising budgets creating a lack of awareness;

reduced number of recruiters and recruiting stations in the community also contribute to a lack of awareness; because of reductions in advertising budgets of all the services during the downsizing, the public perceives the military as not hiring and as no longer providing a viable career; and, parents and other influencers may be dissuading young people from military service due to downsizing myths and confusion surrounding the transitioning role of the services.

Navy is trying to counteract this situation through increased and updated advertising, through closer association with Navy reservists to spread the "Navy is hiring" message, and through increased numbers of recruiters.

Question 11: Are there any legislative changes to the GI Bill you would like us to consider?
Answer: The Navy is considering various changes but does not have any legislative recommendations at this time.

LIEUTENANT GENERAL ROBERT B. JOHNSTON
DEPUTY CHIEF OF STAFF FOR
MANPOWER AND RESERVE AFFAIRS
HEADQUARTERS, U.S. MARINE CORPS

HOUSE VETERANS AFFAIRS' COMMITTEE
SUBCOMMITTEE ON EDUCATION, TRAINING AND EMPLOYMENT

HEARING ON: THE MONTGOMERY GI BILL

10 MARCH 1994

QUESTION FOR THE RECORD

QUESTION NUMBER 1

RECOUPMENTS OF CHAPTER 106 OVERPAYMENTS

Question: As you know, each Service Secretary has the option of imposing and collecting a penalty if an individual participating in the chapter 106 program fails to participate satisfactorily in the Selected Reserve. Is your service collecting these penalties? If not, why not?

Answer: No, the Marine Corps is not currently recouping chapter 106 overpayments from its Marines. The Marine Corps Reserve is awaiting guidance from the OASD (RA) as to the implementation of a DoD recoupment program. Initially, DoD implemented a "test" program. The Naval Reserve continued this program. Early attempts were administratively difficult, as the Navy was unable to verify amounts paid by the Department of Veterans Affairs (DVA). The Naval Reserve is now receiving certified amounts from the DVA. Currently, the MGIB-R Program is undergoing a corporate information management (CIM) initiative to better manage the program DoD-wide. The CIM advisors are studying the Naval Reserve recoupment program, and will do a functional economic analysis. We hope to receive this analysis when the CIM wraps up in June 1994.

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LIEUTENANT GENERAL ROBERT B. JOHNSTON
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HEARING ON: THE MONTGOMERY GI BILL

10 MARCH 1994

QUESTION FOR THE RECORD

QUESTION NUMBER 2

EFFECTIVENESS OF CHAPTER 106 PROGRAM

Question: Regarding the effectiveness of the chapter 106 program as a recruitment and retention tool --

- What percentage of new enlistments were for six years in fiscal years 1984, 1988, 1991-94?

- For those same years, what percentage of new recruits were high school diploma graduates? What percentage were in the upper mental categories?

Answer: The effectiveness of the chapter 106 program as a recruitment and retention tool may be shown by the percentage of six year enlistments:

FY	% 6 YR CONTRACTS	% HS GRADS	% UPPER MENTAL GROUP
1984	Data not available	95.8	67.2
1988	90	97.7	78.0
1991	93	98.1	77.3
1992	94	99.5	82.8
1993	95	94.6	79.8
1994*	95	92.3	75.8

"*" denotes FY94 data to date

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HEARING ON: THE MONTGOMERY GI BILL

10 MARCH 1994

QUESTION FOR THE RECORD

QUESTION NUMBER 3

ACCURACY OF CHAPTER 30 GI BILL DATA

Question: I have some concerns about the accuracy of GI Bill data. What is the current error rate in your service? What steps are you taking to improve this error rate?

Answer: The Defense Manpower Data Center (DMDC) data suggests the Marine Corps has 18 percent unknowns, that is 18 percent of MGIB records created in DMDC are missing significant information. This percentage may be compared with the Army's 29 percent, the Navy's 8 percent, and the Air Force's 1 percent. Though this percentage may appear high, in reality the actual number of eligible Marines or former Marines who are unknown is less; approximately 5 percent.

There are four main reasons for unknowns in the Marine Corps MGIB data base at the DMDC. The largest category includes veterans who initially entered active duty at the beginning of the MGIB, but whose MGIB information was not entered into the system. Any of these veterans who contact the DVA and file an application for educational assistance are helped, in one way or another. In these cases, the DVA contacts the Marine Corps Veterans Educational Assistance Coordinator through established procedures. We then request the veteran's official military personnel file (microfiche) and direct the Defense Finance and Accounting Service to do a deep pay search in an effort to determine the veteran's actual MGIB status. If the veteran's actual MGIB status can be determined, we make the permanent record correction to the DMDC MGIB record and this corrected data is forwarded to the DVA. If we cannot find any evidence of MGIB participation or evidence that the veteran declined the MGIB in writing, we fulfill the intent of the law by taking corrective enrollment action. We contact the veteran via the DVA and offer him or her a brief MGIB counselling and an opportunity to enroll in the MGIB. We are initiating a systematic review of all our veterans' records; however, this is extremely time consuming, personnel intensive, and a final resolution cannot be made in most cases without actually being able to contact the veteran, which is normally not possible since the address of record is often no longer valid. These cases comprise approximately 85 percent of our unknowns. An extrapolation from experience would suggest that of these unknowns, perhaps 25 percent are potentially eligible.

A second category of unknowns consist of active duty Marines. These Marines may either be coded as unknowns because we missed them, or because they are ineligible for the MGIB because of prior service (a small enlisted Marine population, but a larger officer pool, the "mustangs"). We are in the process of establishing a system to identify Marines currently on active duty without any DMDC MGIB coding (the unknowns) in order to take appropriate action. For otherwise MGIB eligible Marines, we will ensure they receive the required counselling and that the pay

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reduction is started. For ineligible Marines, we will ensure they are coded correctly, or as in the case of Marines ineligible for the MGIB due to prior active duty, we will code them internally for now waiting for DoD to establish the necessary coding at DMDC for these cases.

The third category of unknowns are actually not eligible, but have had DMDC MGIB records created erroneously. An example of this category are the partial enlisted MGIB records of officers created while they were attending initial officer candidate or platoon leaders course training. These periods of active duty do not qualify as active duty under the MGIB, so no MGIB record should be created; however, it is occurring. We will be working with our personnel systems to correct this problem at its source.

The final category of unknowns results from administrative expediency. To facilitate the processing of Marines enrolling in the MGIB due to a qualifying transition related separation from active duty under the provisions of Public Laws 101-510 and 102-484, we had DMDC create an MGIB record for every Marine separated for a qualifying reason, if they met the other service requirements, even if the Marine did not elect to enroll. We made a decision that the expeditious processing of MGIB special enrollments outweighed concerns over increased unknowns in the data base.

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SUBCOMMITTEE ON EDUCATION, TRAINING AND EMPLOYMENT

HEARING ON: THE MONTGOMERY GI BILL

10 MARCH 1994

QUESTION FOR THE RECORD

QUESTION NUMBER 4

RECRUITMENT QUALITY STATISTICS

Question: Please compare your recruitment quality statistics for the first quarter of FY 1994 with the first quarter of fiscal years 1989 through 1993. Please include the number and percentage of recruits in each mental category (I, II, IIIa, IIIb, IV).

Answer: First, some general background information before I compare our recruitment quality statistics for the first quarter of FY94 with the first quarter of FY89 through FY93. The AFQT score is a composite of four Armed Services Vocational Aptitude Battery sub-tests. The scores are not directly linked to reading levels, however, scores can be indicative of reading levels. The AFQT score represents percentile among aptitudes across the nation. Mental categories follow:

CATEGORY	AFQT
I	93-99
II	65-92
IIIA	50-64
IIIB	31-49
IVA	21-30
IVB	10-20
V	01-09

The overall recruitment quality statistics for the first quarters of FY89 through FY94, to include both the number and percentage of total force accessions for the first quarter of each fiscal year, follow:

FY	I	II	IIIA	IIIB	IV
1989	252 - 3%	2577 - 30%	1935 - 22%	2355 - 27%	13 - .1%
1990	300 - 3%	3166 - 33%	2735 - 28%	3249 - 34%	16 - .2%
1991	339 - 3%	3426 - 35%	2803 - 28%	3218 - 33%	11 - .1%
1992	330 - 4%	3456 - 35%	2950 - 31%	2810 - 30%	11 - .1%
1993	323 - 3%	3438 - 35%	3046 - 31%	2976 - 30%	3 - .03%
1994	325 - 4%	3166 - 36%	2510 - 29%	2798 - 32%	3 - .03%

We accept category IV's only under special circumstances. Up to 37 percent of our enlisted accessions could be category IIIB's. Data for FY92 and FY93 follows:

	CAT IV's	CAT IIIB's	HSDG	TOTAL FORCE
FY92	3	10,162 (27.4%)	36,621 (98.9%)	37,028
FY93	3	12,233 (30%)	39,620 (97.2%)	40,763

Our goal each year is to achieve 95 percent HSDG's.

The percentage of total force high school graduates and upper mental groups recruited follows:

FY	HSDG	I-IIIA's

1984	95%	52%
1988	95%	68%
1991	98%	69%
1992	99%	71%
1993	97%	68%
1994 (YTD)	96%	68%

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10 MARCH 1994

QUESTION FOR THE RECORD

QUESTION NUMBER 5

QUALITY REQUIREMENTS FOR RECRUITS

Question: If the percentage of recruits who are high school diploma graduates and are in the upper mental categories are reduced, what will be the effect on attrition and discipline in your Service? It has been asserted that the Armed Forces do not need a large number of high quality recruits? What is your response to this assertion?

Answer: I strongly disagree. The lessons we learned in the late 60's and early 70's which help direct our concepts of the All Volunteer Force cannot be forgotten. In fact, the modern battlefield or conflict situation demands a level of technology which can only be supported by the large number of high quality Marines that we have been enlisting.

If we don't continue to recruit a sufficient number of young Americans to flesh out our junior ranks, we create a hollow force and readiness will plummet. Moreover, many of the junior Marines we attract today go on to become the seasoned gunnery sergeants and captains of tomorrow. If we don't sign up new recruits and officer candidates today, we won't have experienced and critical levels of leadership which our nation may once again have to depend upon.

Procuring fewer high school diploma graduates in the upper mental group categories (I-IIIA's) would have an adverse impact on attrition and discipline because they share a direct relationship. Should we decide to recruit lower quality recruits, we can expect to see higher non-EAS attrition as well as a marked increase in discipline problems. Higher attrition escalates future recruiting requirements and expenditures. Years of research and experience tell us that those with a high school diploma are more likely to complete their initial three years of service. About 80 percent of recruits who received a high school diploma will complete their first three years; yet only 50 percent of those who failed to complete high school will make it. The investment in basic training and advanced (skill) training is hefty -- based on a GAO estimate, it costs taxpayers about $20,000 to replace each individual who leaves service prematurely. This argues for the recruitment of those who are most likely to adapt to military life and stay the course -- the high school diploma is a reliable indicator of "stick-to-itiveness."

A separate indicator of quality is aptitude. All recruits take a written enlistment test, called the Armed Services Vocational Aptitude Battery. One component of that test is the Armed Forces Qualification Test (AFQT) which measures math and verbal skills. Those who score above average on the AFQT are in categories I-IIIA. We value these higher-aptitude recruits because their training and job performance are superior to those in the lower (below average) categories -- and that means

productivity, which is essential to unit performance and readiness.

Few times of Marine Corps history have been busier, or more clearly reflective of the aggregate utility of the Marine Corps forces. From the Western Pacific to Latin America to the Mediterranean to Southwest Asia and Africa, the Marine Corps' remarkable record of service speaks for itself. Perhaps more importantly, that record fully validates the emphasis placed on building the Corps with quality people.

Quality recruits reliably repay our investment in them by increased readiness and lower costs in so many areas including less expenditures for training, discipline, and attrition.

Finally, with smaller forces available, military people must perform a wider variety of tasks with less direct supervision. Consequently, high quality recruits are more critical than ever.

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HEARING ON: THE MONTGOMERY GI BILL

10 MARCH 1994

QUESTION FOR THE RECORD

QUESTION NUMBER 6

RECRUITING AND ADVERTISING

Question: Recruiters have told us that they don't have enough money for pamphlets and other hand-outs. They say that this makes their job much harder. Have you requested additional advertising funds? What was your advertising budget during fiscal years 1989 through 1994?

Answer: Marine Corps accession requirements remain fairly high. Yet, since FY90 our advertising budget has been cut by a full one third. This led to reductions in all three areas of advertising: awareness, lead generation, and recruiter support materials (RSM). RSM took the smallest proportional cut of the three budget areas, but was reduced from $2.1 Million in FY90 to $1.6 Million in FY94. This decrease has reduced the variety and quantity of support material available to the recruiting force. Consequently, recruiters have fewer materials to provide information, stimulate interest, and generate enlistments.

We applied the FY94 $2.3 Million congressional increase in recruiting funding to recruiting support and are striving to internally realign $1.8 Million for advertising -- giving us an $11.8 Million baseline budget. This is especially critical because of the difficult recruiting environment we are in and the fact that our recruiting mission in FY95 is considerably larger and propensity at an all time low. In FY95 we will need 42,915 enlisted accessions, which is over 2,000 more than in FY93 and over 4,000 more than in FY94. The Marine Corps advertising budget figures follow:

FY	(Active&Reserve) ADVERTISING BUDGET
1989	$18.0m
1990	$18.3m
1991	$12.9m
1992	$14.3m
1993	$14,4m
1994	$12.4m

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10 MARCH 1994

QUESTION FOR THE RECORD

QUESTION NUMBER 7

RECRUITMENT BONUSES

Question: How much was spent on recruitment bonuses in fiscal years 1991, 1992, 1993, and on the first quarter of 1994? Do bonuses attract a different kind of young person than those attracted by GI Bill benefits?

Answer: Recruitment bonuses serve a special purpose. They help us attract young people to specific, difficult-to-recruit-to Military Occupational Specialties (MOS). We recruit using a need-satisfaction approach. Consequently, our use of the bonus program will vary from year to year. Data follows:

FY	# SOLD	COST
1991	150	$643,500
1992	165	$667,500
1993	57	$285,000
1994 (YTD)	199	$778,000

The bonus program attracts applicants who, although eligible for the MGIB, are looking for a quick financial payoff, usually to apply to some need perceived as an immediate need. For example, purchasing a car rather than starting their own savings plan for college. In this way, there is a difference. Furthermore, the bonus program does not appeal to all because it requires applicants to serve in difficult-to-recruit-to MOS's. In other words, jobs that are not very popular such as nuclear, biological, and chemical defense specialist or food services.

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10 MARCH 1994

QUESTION FOR THE RECORD

QUESTION NUMBER 8

PRE-SEPARATION COUNSELLING

Question: We're concerned about the quality of pre-separation counselling related to GI Bill benefits. Public Law 101-510 requires individual counseling about education and other benefits. Are all your separating personnel receiving individual counseling? What about those who are separating from overseas or from a ship? What information about education benefits is given to separating servicemembers?

Answer: Marines receive the pre-separation counseling required under Federal Law (section 1142, Title 10) prior to their separation from active duty. Information on MGIB is provided by DVA representatives at both pre-separation briefs and Department of Labor transition assistance classes. These DVA representatives are generally available to provide additional information on an individual basis, but they do not provide individual counseling about education benefits.

In the Marine Corps we also have issued detailed information and guidance for those Marines who are eligible for the MGIB special enrollment under the transition related legislation (Public Laws 101-510 and 102-484; section 1141, 1174 (a), or 1175, Title 10; section 3018, Title 38) due to an involuntary separation or a separation under the voluntary separation incentive or special separation benefit programs.

Individuals who are deployed immediately prior to separation either attend a brief before they go on a float or after they return. Although some Marines do not get briefed at least 90 days prior to separation, that is what we encourage.

Our separation centers routinely make presentations on VA benefits, including education, to all Marines being separated from active duty. They also pass out information sheets, designed by the DVA, that indicate how and where an individual applies for educational benefits.

The Marine Corps Separations and Retirement Manual requires GI Bill counseling as one of a required list of pre-separation counseling items. Our major bases have separations centers where individuals about to leave active duty are processed. They receive a myriad of classes and information, including a class on veterans benefits. At our smaller bases, Marines separating are required to check out with their unit education offices, where they are informed of benefits. Our procedures can and are being approved. We are putting together a packet of information regarding DVA educational benefits that commands can distribute to all separating Marines to ensure standardization of information they receive. However, the complexity of the MGIB and the DVA legislated responsibility to provide educational counseling and adjudication of educational assistance eligibility are reasons for our inability to provide real, individual

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educational benefit counselling and for the resulting confusion on the part of the veterans.

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10 MARCH 1994

QUESTION FOR THE RECORD

QUESTION NUMBER 9

"KICKER" PROGRAMS

Question: I'm pleased the Army, Navy, and Marine Corps are making use of their "kicker" authority and have instituted "College programs". Are the funding levels for these programs increasing or decreasing? How many recruits were enrolled in your "College program" during fiscal years 1992, 1993, 1994? How many do you plan to enroll in fiscal year 1995? The maximum kicker is now $800. Is that adequate or should it be increased?

Answer: The Marine Corps actually just began the Marine Corps College Fund (MCCF) in January 1993 (FY93). Initially we offered the total $14,400 kicker (when added to the total MGIB benefit of $14,400 equaled $28,800), but we sought and received approval from the OSD to offer the total $15,600 kicker (when added to the total MGIB benefit of $14,400 equals $30,000). This maximum MCCF kicker works out to $433.33 per month -- not $800. As with any newly introduced program, the MCCF is beginning to gain momentum. We noticed a positive increase in its popularity between mid-FY93 (when the program started) and FY94 to date. Should the MCCF attractiveness grow, some additional funding for it would be required. The $30,000 combined educational benefit of the MGIB and MCCF is currently sufficient. As costs of living and educational costs rise, however, we will need to consider increasing the MCCF kicker in the future.

In FY93, the Marine Corps recruited 502 applicants under the MCCF. We have enlisted 740 applicants under the MCCF so far in FY94. We anticipate that FY95 MCCF enlistments will exceed 1,500. We find this program to be more cost effective than the bonus program. It offers participants something much more valuable as well. We would like to see the MCCF Program grow, and we are managing it accordingly.

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10 MARCH 1994

QUESTION FOR THE RECORD

QUESTION NUMBER 10

DECLINING PROPENSITY TO ENLIST

Question: Why is the propensity to enlist dropping so drastically? How is your Service attempting to counteract this situation?

Answer: The propensity to enlist is dropping drastically as a result of several factors: many Americans do not view the military as a good career choice because of downsizing, forced separations, base realignments and closures, and dramatic post-cold war changes raising the question of military relevance; there is an impression that the military is "not hiring" or "going out of business"; the old notion is fading that military service remains an honorable way of expressing civic responsibility or love of country; the decreased advertising by the military due to reduced funding; and, the number one reason given in the Youth Attitude Tracking Study for not considering the military as a viable option is that they "dislike military life."

We are taking steps to reduce the impact of this lower propensity. We are working in conjunction with the Secretary of the Navy for them to seek legislative relief from the FY93 Defense Authorization Act which mandated a 10 percent reduction in recruiting personnel by the end of FY94. The intent is to allow the service chiefs the flexibility they need to match resources with priorities as necessary. We are using $2.3 Million made available by Congress for recruiting support. We incorporated a portion of this money into a revised advertising plan to be the most cost-effective. We are appealing to state and national leaders to favorably endorse military service. We asked our operating forces to increase their level of assistance to the recruiting effort. And, we are trying to increase the number and value of public service announcements from broadcasters.

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HEARING ON: THE MONTGOMERY GI BILL

10 MARCH 1994

QUESTION FOR THE RECORD

QUESTION NUMBER 11

PROPOSED LEGISLATIVE CHANGES

Question: Are there any legislative changes to the GI Bill you would like us to consider?

Answer: The Marine Corps is considering various changes but does not have any legislative recommendations at this time.

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HOUSE VETERANS AFFAIRS COMMITTEE
SUBCOMMITTEE ON EDUCATION, TRAINING, AND EMPLOYMENT

Lt Gen BILLY J. BOLES
DEPUTY CHIEF OF STAFF FOR PERSONNEL, USAF
MARCH 10, 1994

Question 1: As you know, each service secretary has the option of imposing and collecting a penalty if an individual participating in the Chapter 106 Program fails to participate satisfactorily in the Selected Reserve. Is your service collecting these penalties? If not, why not?

Answer: The Air Force is not collecting penalties at this time. Currently, OSD is conducting an analysis of the Chapter 106 Program, one part of which is to determine the economic feasibility of collecting the penalties. This analysis will allow the Air Force to make an informed decision on collecting the penalties.

Question 2: Regarding the effectiveness of the Chapter 106 Program as a recruitment and retention tool–

- What percentage of new enlistments were for six years in fiscal years 1984, 1988, 1991-94?
- For those same years, what percentage of new recruits were high school diploma graduates? What percentages were in the upper mental categories?

Answer: The six-year enlistment rate varies based on the needs of the Air Force and is shown in the following table:

	FY84	FY88	FY91	FY92	FY93	FY94
Six-year Enlistments	7.2%	15.1%	10.9%	8.2%	3.7%	1.3%

The Air Force High School Diploma Graduate rate was 98.6% in FY 84 and has remained constant at 99.1% since FY88. Despite this high rate, we have recently begun to experience a decrease in the quality of our recruits. As measured by the percent of enlistees scoring in the top three Armed Forces Qualification Test (AFQT) categories (top 50th percentile), our quality has declined from 85.5% in FY90 to just under 80% in the first quarter of FY94.

The following table shows percentages of enlistees by AFQT Category for FY84, FY88, and FY91 through the first quarter of FY94:

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AFQT:	FY84	FY88	FY91	FY92	FY93	FY94
Cat I	5.0%	5.3%	6.0%	5.0%	5.3%	5.8%
Cat II	45.7%	46.5%	48.4%	49.3%	45.8%	43.2%
Cat IIIa	29.1%	30.7%	31.2%	31.2%	28.9%	29.9%
Cat IIIb	19.1%	17.4%	14.3%	14.3%	19.8%	21.0%
Cat IV	1.1%	0.1%	0.2%	0.2%	0.2%	0.1%

Note: AFQT Percentiles Category I (93-99); II (65-92); IIIa (50-64);
IIIb(31-49); IV (10-30); V (1-9)

Question 3: I have some concerns about the accuracy of GI Gill data. What is the current error rate in your service? What steps are you taking to improve this error rate?

Answer: The current error rate in the Air Force is less than 1%. This figure is well below the DoD standard of 5% or less. A fully automated program has helped to keep our error rate low. However, we continue to aggressively monitor all enrollments to ensure accuracy of data in the system.

Question 4: Please compare your recruitment quality statistics for the first quarter of FY94 with the first quarter of fiscal years 1989 through 1993. Please include the number and percentage of recruits in each mental category (I, II, IIIa, IIIb, IV).

Answer: The following table shows numbers of accessions and percentages, by Armed Forces Qualification Test (AFQT) Category, for first quarter FY94 and for first quarter of the previous five years. The average percentage for AFQT Categories I-IIIa for FY89 through FY93 was 84.4% compared to 78.9% for the first quarter of FY94.

FY	1994		1993		1992		1991		1990			
AFQT Cat	#	%	#	%	#	%	#	%	#	%	#	%
I	418	5.8	408	4.8	304	4.5	350	4.8	467	4.5	648	5.6
II	3085	43.2	3921	46.6	3380	50.4	3546	48.1	4868	46.9	5512	47.3
IIIa	2137	29.9	2548	30.3	2101	31.3	2373	32.2	3442	33.2	3710	31.8
IIIb	1504	21.0	1516	18.0	913	13.6	1085	14.7	1565	15.1	1763	15.1
IV	8	.1	28	.3	6	.1	17	.2	33	.3	18	.2
Total	7152	100.0	8421	100.0	6704	100.0	7371	100.0	10375	100.0	11651	100.0
Total I-IIIa	5640	78.9	6877	81.7	5785	86.3	6269	85.1	8777	84.6	9870	84.7

Note: AFQT Percentiles Category I (93-99); II (65-92); IIIa (50-64); IIIb (31-49); IV (10-30); V (1-9)

The percentage of Air Force recruits in AFQT Categories I-IIIa, our top 50% of quality accessions, has dropped from 85.5% in FY92 to just below 80% during the first quarter of FY94. AFQT Category II also dropped from 49.3% to 43.2% over the same time.

Question 5: If the percentage of recruits who are high school diploma graduates in the upper mental categories is reduced, what will be the effect on attrition and in discipline in your Service? It has been asserted that the Armed Forces do not need a large number of high quality recruits. What is your view?

Answer: Reducing numbers of recruits with high school diplomas and higher Armed Forces Qualification Test (AFQT) scores would be detrimental. Enlistees with high school diplomas and higher AFQT scores experience lower attrition rates from basic and technical training courses, thereby keeping our replacement and training costs low. Higher quality recruits also remain on active duty longer and have fewer discipline problems. The Air Force continues to need high quality recruits to meet mission demands and operate and maintain the sophisticated and high-tech equipment of the 21st Century.

Question 6: Recruiters have told us that they don't have enough money for pamphlets and other hand-outs. They say that this makes their job much harder. Have you requested additional advertising funds? What was your advertising budget during fiscal years 1989 through 1994?

Answer: Recently, the Air Force reprogrammed dollars to increase Recruiting Advertising $2M to $7.6M. Reprogramming in FY95 could be necessary if negative trends continue. The following table shows actual Recruiting Advertising Budget for previous years:

FY89	$14.8M
FY90	$16.3M
FY91	$ 8.6M
FY92	$ 8.7M
FY93	$ 7.7M
FY94	$ 7.6M

Question 7: How much was spent on recruitment bonuses in fiscal years 1991, 1992, 1993, and the first quarter of 1994?

Answer: The Air Force Enlistment bonus is small and paid to eight critical military specialties (Germanic, Romance, Far East, Mid East, and Slavic Crypto Linguist, Explosive Ordinance Disposal, Pararescue, and Combat Control).

	FY91	FY92	FY93	1st Qtr, FY94
Dollars ($M)	.5	.9	1.2	.136

Question 7a: Do bonuses attract a different kind of young person than those attracted by GI Bill benefits?

Answer: Yes. Enlistment bonuses are designed to attract six-year enlistees in highly specialized, hard-to-fill critical military specialties with high training costs.

Question 8: We're concerned about the quality of pre-separation counseling related to GI Bill benefits. Public Law 101-510 requires individual counseling about education and other benefits. Are all your separating personnel receiving counseling? What about those who are separating from overseas or from a ship? What information about education benefits is given to separating service members?

Answer: All Air Force members are required to receive pre-separation counseling. This includes those individuals separating from overseas locations, to include short tour and remote locations. Counseling is provided on two occasions--60 days prior to separation; and at final out-processing. During this pre-separation counseling, each member is informed of his/her transition assistance benefits, to include information on the Montgomery GI Bill. Specific counseling is provided on how to apply for educational benefits as well as how to contact the Department of Veterans Affairs after separation.

Question 9: Why is the propensity to enlist dropping so drastically? How is you service attempting to counteract this situation?

Answer: Propensity to enlist in the Air Force, measured annually by DoD conducted Youth Attitude Tracking Study, dropped among 16-21 year old males from 17% in 1990 to 11% in 1993. We believe this 35% drop is caused by a combination of factors: The economy is improving and with it competition for the market from which we recruit; more young high school graduates are interested in college (enrollment is up from 53% of high school graduates going on the college in 1983 to 62% today); and there is still a wide spread perception that the Services "aren't hiring" during the drawdown.

We're counteracting this situation by increasing the AF Recruiting Advertising budget (recently reprogrammed $2M) to stimulate awareness of Air Force opportunities in the market place. Also some of our advertising resources have been redirected into a paid radio campaign to penetrate the recruitable market. We may need to reprogram funds in FY95 to meet advertising objectives.

Question 10: Are there any legislative changes to the GI Bill you would like us to consider?

Answer: Yes. The Air Force would support a congressional initiative for another open enrollment period.

Chairman Montgomery to U.S. Coast Guard

QUESTIONS FOR PERSONNEL CHIEFS PANEL
Subcommittee on Education, Training and Employment
March 10, 1994

1. As you know, each Service Secretary has the option of imposing and collecting a penalty if an individual participating in the chapter 106 program fails to participate satisfactorily in the Selected Reserve. Is your service collecting these penalties? If not, why not?

2. Regarding the effectiveness of the chapter 106 program as a recruitment and retention tool --

* What percentage of new enlistments were for six years in fiscal years 1984, 1988, 1991-94?

* For those same years, what percentage of new recruits were high school diploma graduates? What percentage were in the upper mental categories?

3. I have some concerns about the accuracy of GI Bill data. What is the current error rate in your Service? What steps are you taking to improve this error rate?

4. Please compare your recruitment quality statistics for the first quarter of FY 1994 with the first quarter of fiscal years 1989 through 1993. Please include the number and percentage of recruits in each mental category (I, II, IIIa, IIIb, IV).

5. If the percentage of recruits who are high school diploma graduates in the upper mental categories is reduced, what will be the effect on attrition and indiscipline in your Service? It has been asserted that the Armed Forces do not need a large number of high quality recruits. What is your view?

6. Recruiters have told us that they don't have enough money for pamphlets and other hand-outs. They say that this makes their job much harder. Have you requested additional advertising funds? What was your advertising budget during fiscal years 1989 through 1984?

7. How much was spent on recruitment bonuses in fiscal years 1991, 1992, 1993, and the first quarter of 1994? Do bonuses attract a different kind of young person than those attracted by GI Bill benefits?

8. We're concerned about the quality of pre-separation counseling related to GI Bill benefits. Public Law 101-510 requires individual counseling about education and other benefits. Are all your separating personnel receiving individual counseling? What about those who are separating from overseas or from a ship? What information about education benefits is given to separating servicemembers?

9. Why is the propensity to enlist dropping so drastically? How is your Service attempting to counteract this situation?

10. Are there any legislative changes to the GI Bill you would like us to consider?

001

QUESTION. AS YOU KNOW, EACH SERVICE SECRETARY HAS THE OPTION OF IMPOSING AND COLLECTING A PENALTY IF AN INDIVIDUAL PARTICIPATING IN THE CHAPTER 106 PROGRAM FAILS TO PARTICIPATE SATISFACTORILY IN THE SELECTED RESERVE. IS YOUR SERVICE COLLECTING THESE PENALTIES? IF NOT, WHY NOT?

Answer. The Coast Guard is neither imposing nor collecting penalties on reservists participating in the Chapter 106 program who do not participate satisfactorily in the Selected Reserve. The number of Selected Reservists separated for cause each year, and who are participating in the Chapter 106 program, is very small. The cost to administer a penalty program would be excessive in comparison to the penalties that could be collected.

002

QUESTION. REGARDING THE EFFECTIVENESS OF THE CHAPTER 106 PROGRAM AS A RECRUITMENT AND RETENTION TOOL -- WHAT PERCENTAGE OF NEW ENLISTMENTS WERE FOR SIX YEARS IN FISCAL YEARS 1984, 1988, 1991-94? FOR THOSE SAME YEARS, WHAT PERCENTAGE OF NEW RECRUITS WERE HIGH SCHOOL DIPLOMA GRADUATES? WHAT PERCENTAGE WERE IN THE UPPER MENTAL CATEGORIES?

Answer. Since September 1984, all initial enlistments in the Coast Guard Reserve have obligated the enlistee for eight years. The Coast Guard Reserve has not used a six year enlistment. Since 1984, Coast Guard policy has been to enlist only high school graduates or GED holders. A small number of active duty waivers have been granted (e.g., 6 in fiscal year 1994). However, 100 percent of Coast Guard Reserve enlistees have been HSG/GED. Since 1984, Coast Guard policy has been to not enlist any applicants who were in Mental Categories IV or V. Therefore, 100 percent of Coast Guard Reserve enlistees have been in the upper three mental categories.

003

QUESTION. I HAVE SOME CONCERNS ABOUT THE ACCURACY OF GI BILL DATA. WHAT IS THE CURRENT ERROR RATE IN YOUR SERVICE? WHAT STEPS ARE YOU TAKING TO IMPROVE THIS ERROR RATE?

Answer. The Coast Guard does not have any indication of data inaccuracy between our Pay and Personnel Center (PPC) and the Defense Manpower Data Center (DMDC). Starting October 1, 1993, all Services began using the same standard definitions and codes for separations. This initiative to update and standardize the narratives for the separation program designator (SPD) codes should eliminate confusion by the Department of Veterans' Affairs (DVA) in determining whether an individual should receive Montgomery GI Bill benefits.

004

QUESTION. PLEASE COMPARE YOUR RECRUITMENT QUALITY STATISTICS FOR THE FIRST QUARTER OF FY 1994 WITH THE FIRST QUARTER OF FISCAL YEARS 1989 THROUGH 1993. PLEASE INCLUDE THE NUMBER AND PERCENTAGE OF RECRUITS IN EACH MENTAL CATEGORY (I, II, IIIA, IIIB, IV).

Answer. As requested, the following information is provided for the first quarter of each year listed:

	CAT I		CAT II		CAT IIIA		CAT IIIB	
	#	%	#	%	#	%	#	%
FY-94	27	4.5	261	32.6	195	43.7	115	19.2
FY-93	34	4.6	365	27.9	208	48.9	139	18.6
FY-92	45	5.3	370	32.0	270	43.9	159	18.8
FY-91	41	4.7	405	48.6	276	33.1	113	13.6
FY-90	22	4.2	220	48.8	143	31.2	72	15.8
FY-89	33	7.5	192	43.6	111	25.3	104	23.6

We have not recruited any individuals in CAT IV since 1989.

005

QUESTION. IF THE PERCENTAGE OF RECRUITS WHO ARE HIGH SCHOOL DIPLOMA GRADUATES IN THE UPPER MENTAL CATEGORIES IS REDUCED, WHAT WILL BE THE EFFECT ON ATTRITION AND DISCIPLINE IN YOUR SERVICE? IT HAS BEEN ASSERTED THAT THE ARMED FORCES DO NOT NEED A LARGE NUMBER OF HIGH QUALITY RECRUITS. WHAT IS YOUR VIEW?

Answer. While we have no quantifiable data, we believe that reducing mental categories of high school graduates would increase attrition and disciplinary problems. The Coast Guard's experience has been that lower mental categories have more difficulty dealing with the responsibility and work required of Coast Guard personnel. This results in more work-related problems and associated required corrective actions. Increases in training and associated costs would also be required to deal with the attrition and discipline problems.

Coast Guard personnel perform jobs which require skill levels comparable to the highest skill levels required by the Department of Defense (DOD) services, and Coast Guard jobs demand unparalleled responsibility. For example, our petty officers not only perform their specialty work, but are Federal law enforcement officers. Also, many Coast Guard personnel serve as Officers In Charge of Coast Guard units. We need America's finest young people to replenish Coast Guard ranks, and we recognize the Montgomery GI Bill as contributing to that effort.

006

QUESTION. RECRUITERS HAVE TOLD US THAT THEY DON'T HAVE ENOUGH MONEY FOR PAMPHLETS AND OTHER HAND-OUTS. THEY SAY THAT THIS MAKES THEIR JOB MUCH HARDER. HAVE YOU REQUESTED ADDITIONAL ADVERTISING FUNDS? WHAT WAS YOUR ADVERTISING BUDGET DURING FISCAL YEARS 1989 THROUGH 1994?

Answer. The Coast Guard requested an additional $597,000 in fiscal year 1989 (FY89) to pay for inclusion in the Joint Recruiting Advertising Program, and $600,000 in FY91 to improve minority recruiting efforts, including advertising. The Coast Guard's national advertising budgets (the source of funding for development, printing, and distribution of recruiting literature, as well as other advertising activities) for fiscal years 1989 through 1994 are listed below. In FY94 Congressional action reduced the Coast Guard's recruiting budget by $866,000. Some of that reduction was extracted from national advertising funds.

FISCAL YEAR	ADVERTISING BUDGET
1989	$1,700,000
1990	$1,613,000
1991	$2,171,000
1992	$2,040,000
1993	$2,003,000
1994	$1,859,000

007

QUESTION. HOW MUCH WAS SPENT ON RECRUITMENT BONUSES IN FISCAL YEARS 1991, 1992, 1993, AND THE FIRST QUARTER OF 1994? DO BONUSES ATTRACT A DIFFERENT KIND OF YOUNG PERSON THAN THOSE ATTRACTED BY GI BILL BENEFITS?

Answer. The Coast Guard did not offer recruitment bonuses in fiscal years 1991, 1992, 1993, the first quarter FY94, nor are there any plans for doing so during the rest of fiscal year 1994. Joint Services' market research continues to show that educational benefits are the main attractor to joining the Services, including the Coast Guard. The Coast Guard does not maintain data to show whether or not a different kind of young person is attracted by bonuses.

008

QUESTION. WE'RE CONCERNED ABOUT THE QUALITY OF PRE-SEPARATION COUNSELING RELATED TO GI BILL BENEFITS. PUBLIC LAW 101-510 REQUIRES INDIVIDUAL COUNSELING ABOUT EDUCATION AND OTHER BENEFITS. ARE ALL YOUR SEPARATING PERSONNEL RECEIVING INDIVIDUAL COUNSELING? WHAT ABOUT THOSE WHO ARE SEPARATING FROM OVERSEAS OR FROM A SHIP? WHAT INFORMATION ABOUT EDUCATION BENEFITS IS GIVEN TO SEPARATING SERVICE MEMBERS?

Answer. The Coast Guard has a corps of Career Information Specialists (CIS) who work directly with individual members on benefit issues, including GI benefits. They visit all units, including those overseas and ships, on a regular basis explaining the benefits to which a member is entitled for their military service and how to obtain these benefits. In addition, we host separation seminars for personnel exiting the service to explain benefits they have earned for their military service, and to assist them in making the transition from military to civilian life. If an individual is unable to make a separation seminar, they are provided the telephone number of the local CIS. Immediately prior to an eligible member separating from the service, the member's unit provides them information explaining the Montgomery GI Bill Program, what they are entitled to, and how to obtain the benefit.

009

QUESTION. WHY IS THE PROPENSITY TO ENLIST DROPPING SO DRASTICALLY? HOW IS YOUR SERVICE ATTEMPTING TO COUNTERACT THIS SITUATION?

Answer. Since very little changed in the Coast Guard during this period, the drop in the propensity of young people to join can be attributed to several other factors. (1) Advertising in the other Services and joint advertising have declined. The Coast Guard benefits from other Services' advertising. Military advertising impressions were lost when the other Services cut their advertising budgets, beginning in 1989. (2) In many instances, media communications concerning the military today are negative. (3) Young people are questioning the relevancy of the military in today's world. The fall of the Berlin Wall, breakup of the Soviet Union, downsizing, unrest in Bosnia, Desert Shield and Desert Storm, Tailhook, and the Somalia operation are negatively affecting the attitudes of youth toward military service. (4) The downsizing of the military services, including the Coast Guard, may cause some to reach the conclusion that the military in no longer a viable career option.

The Coast Guard is attempting to counteract this situation by continuing to stress our humanitarian and environmental missions, which are still considered by youth to be beneficial.

010

QUESTION. ARE THERE ANY LEGISLATIVE CHANGES TO THE GI BILL YOU WOULD LIKE US TO CONSIDER?

Answer. Most recruits who decline participation cite the monthly cost as their principal reason. The Coast Guard requests you consider reducing the pay deduction for Montgomery GI Bill participation from $100.00 per month to $50.00 per month. This would increase the percentage of Coast Guard personnel who participate in the program.

U.S. Department of Labor

Assistant Secretary for
Veterans' Employment and Training
Washington, D.C. 20210

April 7, 1994

The Honorable G. V. (Sonny) Montgomery
Chairman
Committee on Veterans' Affairs
U. S. House of Representatives
Washington, D. C. 20515

Dear Mr. Chairman:

As you requested, I am enclosing our responses to post-hearing questions transmitted to the Department of Labor by your letter of February 28, 1994. If I can be of further assistance to you, please do not hesitate to contact me.

The Office of Management and Budget advises that there is no objection to the submission of this document from the standpoint of the Administration's program.

Sincerely,

Preston M. Taylor Jr

PRESTON M. TAYLOR, JR.

Enclosure

POST-HEARING QUESTIONS
HOUSE COMMITTEE ON VETERANS AFFAIRS
ASSISTANT SECRETARY FOR VETERANS EMPLOYMENT AND TRAINING
FY 1995 BUDGET
FEBRUARY 10, 1994 HEARING

1. In your personal opinion, is the funding for the Veterans' Employment and Training Service included in the Administration's fiscal year 1995 budget request adequate? Can you and your staff fully meet your obligations to our nation's veterans with this funding level?

In my opening statement at the February 10, 1994 hearing, I said that the "DVOP/LVER grants, JTPA IV-C grants, and VRR programs will be maintained at funding levels sufficient to support their integrity". As the person responsible for administering these programs, I wanted to assure the Committee that sufficient agency administrative funds would be available in FY 1995 to enable the VETS' staff to administer these programs. By that, I mean sufficient funds to conduct Employment Service office evaluations and follow-up reviews, conduct JTPA IV-C grantee reviews, and process grant applications and modifications and process veterans' reemployment rights cases.

The Transition Assistance Program (TAP) is the VETS' program most impacted by the agency's FY 1995 budget request. We would like to provide transition assistance to all eligible individuals separating from the military who seek these services; however, based on our current projections, the FY 1995 budget may result in a slightly smaller proportion of eligible individuals being served by TAP (43% vs. 46% in FY 1994). We are placing a greater responsibility on the State employment security agencies and our DVOPs and LVERs for delivering TAP workshops and we are reducing our reliance on contractors. However, military installations are not necessarily located near DVOP and LVER staff, so travel and other logistics may affect our ability to deliver TAP workshops to all who seek them. We will continue to explore various means of assuring that TAP services are available.

As we begin to reduce VETS' staffing levels as part of the government-wide downsizing effort now underway, we are in the process of reinventing the agency through the efforts of ad hoc committees. The committees are: the Disabled Veterans' Outreach Program/Local Veterans' Employment Representative (DVOP/LVER) Program Design Committee; the Job Training Partnership (JTPA) Title IV, Part C(IV-C) Committee; the Customer Surveys and Employer Participation Committee; the VETS Internal Review Committee; the Transition Assistance Program (TAP) Committee; the Automation Steering Committee; and the Training Needs Assessment Steering Committee. These committees are charged with developing better, more efficient ways of focusing VETS' available resources to accomplish our mission. Out of this process will come recommendations for internal organizational changes, realignment of staff, training needs, program and operational changes, and other improvements to enable VETS to do more for veterans despite budgetary constraints.

2. The President's budget request for disabled veterans' outreach program specialists (DVOPs) and local veterans' employment representatives (LVERs) does not comply with the statutory staffing-level formulas contained in chapter 41 of title 38. In fact, the President's budget would result in at least 400 fewer DVOP and LVER positions than would be provided under the Congressionally-mandated staffing level. Additionally, the Administration budget would reduce DVOPs and LVERs by 240 positions from the fiscal year 1994 level.

In recent years the duties of DVOPs and LVERs have increased significantly due to the downsizing of the military, yet the number of these veterans' employment specialists is decreasing.

Under the reduced staffing levels, what responsibilities will DVOPs and LVERs be unable to fulfill? How many veterans

will not receive the assistance they need and have earned? Which veterans will not be served?

We do not envision that the reduced staffing levels will change the duties or responsibilities of the veterans' employment specialists. It is our expectation that their efforts will be more focused on the veterans who most need the intensive services that DVOPs and LVERs are specially trained to provide. Those veterans who are job ready will have to be served by other personnel in the local offices. As you know, this Administration is proposing to increase the efficiency and effectiveness of the employment and training service delivery system by implementing the One Stop Career Center concept, by improving the programs for dislocated workers and by making available to the public high quality labor market information. Thus it is envisioned that all veterans will receive the assistance they need and to which they are entitled.

3. How will the reduced staffing levels affect the ability of DVOPs and LVERs to participate in the Transition Assistance Program (TAP)?

The number of DVOP/LVER staff available to the SESAs obviously is a factor in their ability to carry out increased TAP responsibilities. However, currently we estimate that less than 2% of the total DVOP specialist and LVER staff hours are expended in the conduct of TAP workshops. At this level of DVOP/LVER involvement in TAP support, there does not appear to be a significant impact from TAP on the overall workload and performance of the DVOP specialists or LVER staff. Thus, at the requested staffing levels, we will be asking some States to devote a slightly higher percentage of DVOP/LVER staff time to TAP activity. Additional facilitator training of SESA staff should be accomplished by the end of FY 1995, which should enhance the ability of more DVOPs and LVERs to participate in TAP.

4. In budget documents provided to the Committee, you stated that 350 fewer TAP workshops will be conducted in fiscal year 1995 than in fiscal year 1994.

How many separating service members will be unable to take advantage of TAP training because of the reduction in workshops? Is there any evidence that the need or demand for TAP training has diminished?

We anticipate that 15,000 fewer separating service members will be able to attend TAP workshops in FY 1995 as compared with FY 1994.

The demand for TAP workshops--as measured by gross estimates of the numbers of separating service members--will be diminished by a similar amount in FY 1995, with 300,000 service members projected to separate as compared with 317,000 in FY 1994.

It is also important to note that TAP attendance is voluntary. Some servicemembers choose not to participate in TAP because they already have a job waiting upon discharge, are retiring and not seeking a job, or for a host of other reasons. In FY 1994, we expect to serve about 145,000 individuals in TAP, about 46% of those separating. There are admitted difficulties in serving all who would like TAP assistance. The primary difficulty is in serving those servicemembers stationed overseas or on board ships. Many are discharged directly from those duty stations; others are discharged in the continental United States but are separated within such short time of arriving Stateside that they do not have an adequate opportunity to participate in the Department of Labor's TAP. In addition, individuals assigned to smaller bases in the United States may not have the opportunity, prior to separation, to travel to larger bases where DOL TAP is currently offered.

For these reasons, we are not able to provide transition assistance to all we would like to help even in the best of circumstances. We are now working with the Department of Defense and the Department of Veterans Affairs to determine if there are other ways of providing at least some TAP services to these servicemembers who do not attend the workshops.

One alternative method already developed for delivering TAP assistance is a set of six videotapes and an accompanying workbook developed last year by VETS through the National Veterans' Training Institute (NVTI). We believe that anyone who uses the interactive workbooks in conjunction with these videos would acquire most, if not all, of the information and skills he or she would obtain if able to attend a workshop in person. These videos and the workbook were delivered to the Department of Defense at the beginning of FY 1994 for their internal distribution.

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